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Family Economics Review

1985 No. 2

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Issued April 1985

Recent Trends in Clothing and Textiles

By Joan C. Courtless
Family economist

CLOTHING EXPENDITURES AND PRICES

Apparel and upkeep prices in 1984, as measured by the Consumer Price Index (CPI), increased 3.5 percent over 1983 (table 1). Increasing more than other clothing items were women's suits; women's coats and jackets; women's dresses; and boys' coats, jackets, sweaters, and shirts. This is the second consecutive year that women's suits and dresses increased more than other apparel categories. These garments are subject to considerable seasonal variation; price changes fluctuate from month to month to reflect new fashion offerings or end-of-season sales. As measured by the CPI, prices of boys' furnishings and girls' underwear and nightwear declined slightly in 1984.

Clothing prices continued to increase at a lower rate than prices for other items, explaining in part the decline in the percentage of total personal consumption expenditures allotted to clothing and shoes since 1960 (shown by current dollars in table 2). When the effect of inflation is removed, however, (shown by constant dollars in table 2), the percentage of personal expenditures for clothing and shoes is estimated to be at a 25-year high. Also, per capita expenditures for clothing in constant dollars doubled since 1960 and increased by one-third since 1977. These data indicate that a real increase in clothing purchases by consumers has taken place over the years.

Annual spending for clothing and shoes in 1984 is estimated at \$588 per person, according to preliminary figures for the first three quarters of 1984 (table 2). This amount exceeds 1983 spending by \$46 per person; 35 percent of this increase can be attributed to higher prices and 65 percent to increased buying. This differs from previous years; only twice since 1974 has over half of the annual increase in spending for clothing and shoes been a result of increased buying.

DEVELOPMENTS IN FIBERS AND FABRICS

An American preference for natural yarns is continuing. Fabrics of 100 percent wool, cotton, linen, or silk and those made of blends of natural fibers are regarded by many consumers to be of high quality and worth a premium price. Ramie, grown in Southeast Asia, is often used in combination with cotton and other natural fibers. Widespread use of a cotton and ramie blend in imported apparel is a result of efforts to circumvent quotas imposed on cotton apparel. Blends containing natural and manmade fibers such as mohair and acrylic, or wool and acrylic, accommodate the market for more popularly priced merchandise. Rayon is being promoted as a natural fiber to enhance its desirability. Used most often in blended yarns to add luster or to overcome its lack of wash and wear characteristics, rayon is often combined with mohair, acrylics, wool, and cotton and silk blends.

Manmade fiber producers strive to achieve "natural characteristics" in their acrylic, polyester, and nylon yarns. Through innovative blending of fibers and application of finishes, yarns are being produced by American manufacturers which are available only in this country. These unique domestic products are more competitive with imports.

A new Orlon acrylic blend called "Comfort 12" is being used for sweaters and active-wear such as warm-up suits, jogging suits, and uniforms for various sports. Advantages of this new blend include year-round comfort, shape retention, wrinkle resistance, color fastness, excellent stitch definition, and the look and hand of cotton. Yarns from several American spinners have been certified as Comfort 12 and many American apparel manufacturers are using it in knitwear for the 1984-85 season (2).

A polyester capable of accepting cationic dyes which chemically bond the color to the fiber became available in 1984. Called "Colorhold" or "Superfast" Dacron, its chief advantage is that colors won't bleed when laundered. It can be knit into stripes or patterns with yarns of other fibers and, when dyed with a cationic dye, only the

Table 1. Percentage change in prices of clothing and footwear (annualized)

Category and item	Percentage change-- December 1983 to September 1984
All items	+4.7
Apparel and upkeep	+3.5
Men's and boys' clothing.....	+2.9
Men's	+2.6
Suits, sport coats, and jackets	+3.9
Coats and jackets	+1.7
Furnishings and special clothing.....	+2.3
Shirts.....	+2.6
Dungarees, jeans, and trousers	+2.4
Boys'	+3.6
Coats, jackets, sweaters, and shirts.....	+10.3
Furnishings	-1.1
Suits, trousers, sport coats, and jackets	+0.4
Women's and girls' clothing	+4.9
Women's	+6.1
Coats and jackets	+8.0
Dresses	+7.2
Separates and sportswear.....	+4.7
Underwear, nightwear, and hosiery.....	+2.7
Suits.....	+16.1
Girls'	-0.2
Coats, jackets, dresses, and suits	-0.7
Separates and sportswear.....	+1.5
Underwear, nightwear, hosiery, and accessories	-2.2
Infants' and toddlers' clothing	+5.1
Other apparel commodities	+0.5
Sewing materials and notions	+2.5
Jewelry and luggage	-0.2
Footwear	+2.1
Men's	+3.1
Boys' and girls'	+1.1
Women's	+1.8

Source: Calculated from the CPI Detailed Report, December 1983 and September 1984,
U.S. Department of Labor, Bureau of Labor Statistics.

Table 2. Annual expenditures on clothing and shoes¹

Year	Per capita expenditures ²		Percent of personal consumption expenditures		Aggregate expenditures	
	Constant dollars (1972)	Current dollars	Constant dollars (1972)	Current dollars	Billions of constant dollars (1972)	Billions of current dollars
1960	\$203	\$148	8.1	8.2	\$36.6	\$26.7
1961	203	149	8.1	8.2	37.3	27.4
1962	209	154	8.1	8.1	38.9	28.7
1963	209	156	7.9	7.9	39.6	29.5
1964	222	166	8.1	8.0	42.6	31.9
1965	227	172	7.9	7.8	44.2	33.5
1966	239	186	8.0	7.9	46.9	36.6
1967	236	192	7.8	7.8	46.9	38.2
1968	242	208	7.7	7.8	48.6	41.8
1969	245	223	7.6	7.8	49.6	45.1
1970	240	227	7.4	7.5	49.2	46.6
1971	249	244	7.5	7.6	51.6	50.5
1972	264	264	7.5	7.5	55.1	55.1
1973	281	291	7.7	7.6	59.2	61.3
1974	279	308	7.8	7.3	59.1	65.3
1975	288	328	7.9	7.2	61.4	70.1
1976	293	345	7.7	6.9	63.8	75.3
1977	306	375	7.8	6.9	67.5	82.6
1978	331	415	8.1	6.9	73.6	92.4
1979	341	440	8.3	6.6	76.7	99.1
1980	342	459	8.4	6.3	77.9	104.6
1981	359	497	8.7	6.2	82.6	114.3
1982	362	511	8.7	6.0	84.2	118.8
1983	377	542	8.8	5.9	88.5	127.0
1984 ³	407	588	9.1	6.0	96.4	139.1

¹ Includes yard goods, but excludes services such as cleaning and repairing clothing and shoes.

² Calculated by dividing aggregate expenditures for each year by population figures for July of each year.

³ Preliminary figures--average of estimates for first 3 quarters of 1984 (i.e., seasonally adjusted quarterly totals at annual rates).

Sources: U.S. Department of Commerce, Bureau of the Census, 1984, Population estimates and projections, Current Population Reports, Series P-25, No. 956. U.S. Department of Commerce, Bureau of Economic Analysis, 1984, Survey of Current Business 64(7):36-37 (tables 2.2 and 2.3), and personal communication.

Colorhold Dacron is colored and the remaining yarns stay white (2).

Filaments of Dacron polyester and Antron III nylon are extruded side by side and spun together in a 60:40 ratio to produce a new yarn called "Monece". During the finishing process the two fibers shrink at different rates to create a lustrous, fine-denier fabric with a crepe appearance most suitable for lingerie. Iridescent or heather tones of infinite variety are possible. Monece pleats well, is wrinkle-resistant and antistatic, and can be screen printed (2).

USE OF COMPUTERS IN RESEARCH AND PRODUCTION OF TEXTILES AND APPAREL

The U.S. Department of Commerce funded a study to determine ways in which the U.S. apparel industry could be made competitive with imports. The study concluded that American apparel producers need to cut prices between 30 and 50 percent, and this could be achieved only by major technological breakthroughs, which could result in the elimination of up to one-half million jobs. The Amalgamated Clothing and Textile Workers Union (ACTWU) supports this research because automation technology is perceived as the way to save jobs in the long run; the domestic apparel industry would survive by becoming more competitive with imports.

One such technological breakthrough occurred when the U.S. Department of Commerce, the ACTWU, and several apparel and textile firms collaborated on a research project to develop a robotic sewing machine. A prototype was built by the C.S. Draper Laboratory, Inc., in Massachusetts and tested in 1983 at the Grief clothing plant in Pennsylvania. With sufficient financing, production models could be available in 1986. The computerized sewing system is reported to fold and sew pieces of fabric to make sleeves and the backs of suit coats and vests as fast and as accurately as the very best human clothing workers. Described as an attempt to boost the productivity of the U.S. apparel industry, the automatic sewing machine could perform one-quarter of the sewing done on a suit coat, replacing about one-fifth of the workers now needed to produce the coat.

In Scotland a computer graphics system has simulated patterns in woven textiles. A designer can create a two-dimensional image of a design on the display screen of the computer. Patterns are developed by specifying yarn colors to be added sequentially, much as cloth would be woven. The designer can substitute yarn colors from a standard database of over 16 million colors. Designs can be stored in the computer, readily accessed, and easily modified for a different textile design. A "weaver's ticket" is printed for the mill operator describing the loom setup for a particular textile, and stock control of yarn in the mill is automatic (3).

In Australia a new method of printing patterns on wool fabrics has been developed which incorporates computer graphics and a specially designed ink jet printer. Pattern design is stored in a computer which controls the printing process. The pattern is printed directly on the fabric by fine jets (individual droplets) of dye solution from a print head, which can be constructed in any width. This new technology is faster, more efficient, and cheaper than conventional methods which require the use of silk screens (7).

OUTLOOK FOR RAW MATERIALS

The 1984 U.S. mill use of total fibers¹ is estimated at 46.1 pounds per capita. This includes 11.4 pounds of cotton, 0.6 pound of wool, and 34.1 pounds of manmade fibers. Per capita use in 1983 was 47.4 pounds, including 12.0 pounds of cotton, 0.6 pound of wool, and 34.9 pounds of manmade fibers. Domestic consumption figures include net imports; per capita domestic consumption of total fibers in 1984 is estimated at 53.2 pounds with 15.2 pounds of cotton, 1.2 pounds of wool, and 36.8 pounds of manmade fibers.

World production of fibers was 3 percent higher in 1983 than in 1982. Natural fiber

¹Data for total fibers and manmade fibers have been revised to exclude nontextile use of glass fibers.

production decreased by about 1 percent, however. Manmade fibers rose to 47 percent of all fibers in 1983 from 44 percent in 1982 (9).

Cotton

The 1984 domestic cotton crop is expected to be about 12.6 million bales, up 62 percent from last year when USDA's "Payment-in-Kind" (PIK) program was in effect.² Planted acreage is estimated at 11 million and harvested acreage at 10.4 million. Yields may average 583 pounds per acre, near 1982's record average yield of 590 pounds. In 1984 cotton producing farmers were required to reduce cotton acreage by 25 percent under the acreage reduction program (ARP) in order to be eligible for program benefits of price and loan rate protection.³ About 71 percent of the base acreage was enrolled in the program for 1984.

Cotton exports in the 1984-85 season are estimated to be 19 percent lower than in the previous year. Production in other countries is approaching consumption levels; therefore, there is less demand for U.S. cotton abroad. U.S. domestic cotton consumption (mill use plus net imports of cotton textiles) is increasing because of population growth, a rise in real disposable per capita income, slower growth in real apparel prices, and consumer preference. As a greater proportion of cotton textiles is imported, the mill use component is declining; in 1984 about 37 percent of cotton consumed in the United States is expected to be imported as textiles.

In 1983 only 22 percent of the cotton in U.S. textile imports had been grown in the United States, compared with 29 percent in 1982. Almost 60 percent of U.S. cotton textile imports came from Hong Kong, China, Taiwan, and Korea; of these countries, only Korea uses a high percentage (84 percent) of U.S. cotton.

² Under PIK, farmers received cotton surplus from previous years in return for reducing acreage by 4.1 million acres in 1983. This program was not in effect in 1984.

³ In 1983, 2.6 million acres were removed from cotton production under this acreage reduction program.

Wool

U.S. wool production for 1984 is estimated at more than 7 percent below the 1983 yield. Mill consumption of apparel wool for the first 6 months of 1984 was 17 percent higher than that for the same period in 1983. U.S. farm prices for wool in the first 7 months of 1984 averaged 18 cents per pound higher than in January to July 1983, and equaled the average price received during the last 4 years.

Imports of raw wool for apparel in the first 6 months of 1984 were 64 percent higher than a year earlier. More than half the wool used in U.S. mills is imported. Raw wool imports have exceeded U.S. wool production since 1980. Of the wool textiles purchased by U.S. consumers during 1983, about four-fifths were foreign produced or made from imported raw wool. Much Australian wool is imported, even though it is more expensive than U.S. wool, because of its quality. It is graded and sorted better, has shorter fibers removed, and has fewer black fibers; all of these factors reduce processing costs in U.S. mills.

Mohair

Mohair prices during 1984 are estimated to exceed 1983 prices by 17 percent. The growing demand for mohair in Europe and Japan is causing prices to rise independently of other fiber prices. U.S. exports of mohair in the first 6 months of 1984 were 26 percent lower than for the same period in 1983. About 90 percent of U.S. mohair production is exported; very little mohair is imported by U.S. mills.

Manmade Fibers

Shipments of manmade fibers by U.S. producers during the first 8 months of 1984 were less than 1 percent above shipments a year earlier (11) but were 14 percent above the 1982 level (8). In 1983 about 75 percent of all fibers used by U.S. mills were manmade; about 60 percent of all fibers used for apparel were manmade (11).

PRICE SUPPORT PROGRAMS

Price support programs for wool and mohair were created by provisions of the National Wool Act of 1954. Since that time changes in the programs have included the method used to compute the incentive or support price on which the incentive payment is based. Currently it is calculated by a formula which includes farmers' production input costs.

The Economic Research Service reviewed and evaluated the price support programs for wool and mohair in preparation for new legislation to be considered by Congress in 1985. Among the findings contained in the report Wool and Mohair: Background for 1985 Farm Legislation were the following:

- Legislation has not required production cutbacks; production is higher than it would be without a program.
- Support levels for wool have been consistently set above world prices.
- The program affects prices only slightly because world prices are the major determinant for U.S. prices.
- The support programs have little impact on consumers; the value of raw wool is often less than 5 percent of the value of a wool apparel item.
- Tariffs on wool textiles and raw wool, rather than price support, increase U.S. consumer prices.

DEVELOPMENTS IN THE EXPORTING AND IMPORTING OF TEXTILES AND APPAREL

The trade deficit in 1983 for the U.S. textile and apparel industries, the largest in history, was 33 percent greater than in 1982. A result of both lower exports and higher imports, the textiles and apparel deficit of \$9.6 billion accounted for over 14 percent of the overall U.S. trade deficit in 1983. The textile and apparel trade deficit for 1984 should exceed this amount; for the first 8 months of 1984 it was 51 percent higher than during the same period in 1983. In square yards equivalent, imports were 43 percent higher for January to August 1984 than for the comparable period in 1983. Corresponding increases by fiber were as follows: Cotton--49 percent, wool--46 percent, and manmade--38 percent.

During the first half of 1984, over 40 percent of the apparel offered for sale in the U.S. was imported, compared with 34 percent in 1983. Over half of apparel imports were made of cotton or of blends containing mostly cotton (10).

Customs Regulations Amendments Affecting Textiles and Textile Products

Regulations (15) were formulated by the U.S. Customs Service which would prevent textile-exporting countries from evading

quotas⁴ by sending partially completed apparel items to countries with unused quotas. Interim regulations, effective on September 7, 1984,⁵ provide specific regulatory authority for applying "country-of-origin" rules in determining whether textiles or textile products are subject to any multilateral or bilateral textile agreements.

A textile or textile product is designated a product of a foreign country by meeting either of two criteria: It is wholly the growth, product or manufacture of that foreign country; or, it has been substantially transformed (by manufacturing or

⁴Quotas are established under multilateral or bilateral agreements with the United States.

⁵In response to publication of the interim regulations on August 3, 1984, Customs received many comments describing severe financial hardship that would result if merchandise already ordered could not be shipped by September 7, 1984. Therefore, the effective date provision of the interim Customs Regulations was amended to grant a limited exception for textiles and textile products sold to a person in the United States with a written contract or purchase order executed before August 3, 1984 (16).

processing) in that country into a new and different article. Evidence of "substantial transformation" is to be based on costs of manufacturing, complexity of the manufacturing operation (time involved and technology and skill required), and a physical change in the textile or textile product.

A declaration must be submitted with the shipment which indicates which of the two conditions for establishing country of origin is being employed. If other than wholly the growth, product, or manufacture of the country, the declaration must describe any manufacturing and/or processing operations, materials used, and costs involved. Date of exportation is defined as the date the vessel or carrier leaves the last port in the country of origin to ensure enforcement of the date of export provisions contained in various bilateral agreements.

DEVELOPMENTS IN APPAREL LABELING

Care Labels

In an effort to inform consumers and apparel manufacturers about the changes in the Care Labeling Rule which became effective in January 1984, the Federal Trade Commission placed public service announcements on television and advertisements in magazines and newspapers. Also, two booklets were made available: What's New About Care Labels⁶ is directed toward consumers, and Writing a Care Label is a manual for businesses that is designed to assist manufacturers in understanding and complying with the Care Labeling Rule.

What's New About Care Labels lists the most important changes, has a selection of questions and answers about the revised Care Labeling Rule, and contains a glossary of standard terms most likely to be used by manufacturers. Writing a Care Label specifies for the manufacturer or importer how to comply with the rule; advises how to write care instructions; answers questions on where to put the label, what to write on the label, how to label piece goods, and exemptions to the rule; reprints the rule; and includes a glossary of standard terms.

⁶ For sale (in packets of 50) by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Labeling Requirements for Children's Sleepwear

The Consumer Product Safety Commission amended the labeling requirements on care of children's sleepwear, subject to the Standards for the Flammability of Children's Sleepwear, by defining the circumstances in which those instructions may appear on the reverse side of a label (1). Effective on February 24, 1984, the amendments set forth the following three conditions that must be met in order to place precautionary care instructions (those which advise consumers of any agents or treatments known to cause deterioration of flame-resistant properties) on the reverse side of labels for children's sleepwear:

1. The label is permanent and readily visible and accessible to the prospective purchaser.
2. The "front" of the label bears the words "Care Instructions on Reverse" or the equivalent in lettering which is permanent, prominent, conspicuous, and legible.
3. The item is displayed for sale in a way that allows the purchaser to manipulate the label so that the entire text of the precautionary care instructions can be read. If this is not possible, care instructions must also appear on the package or on a hang tag attached to the item.

Labeling of Wool, Fur, and Textile Products

The Federal Trade Commission (FTC) is required, under the Regulatory Flexibility Act, to conduct a periodic review of rules which have or will have a significant economic impact upon a substantial number of small businesses. Comments were solicited for rules and regulations under the Wool Products Labeling Act of 1939 (Wool Act), the Fur Products Labeling Act (Fur Act), and the Textile Fiber Products Identification Act (Textile Act) (4).

The Wool Act requires all wool products to bear a label showing the percentage of wool, recycled wool, and nonwool fibers contained in the product and the name of the manufacturer or other distributor. The Fur Act requires fur products to be labeled with the name of the animal which produced the fur, country of origin, whether the furs are natural, dyed or otherwise artificially colored, and certain other characteristics

of the fur product. The Textile Act requires each household textile product to bear a label containing the percentage of each fiber contained in the product, the name of the manufacturer or distributor, and the country of origin (if not the United States).⁷ All three acts, administered by the FTC, prohibit misbranding and false advertising. Animal names must conform to the FTC's Fur Products Name Guide, and generic names for manufactured fibers (as defined by FTC) must be used.

Based on comments received, FTC concluded there is a continued need for the rules and that any burdens imposed by the rules are outweighed by the benefits to consumers and industry. No suggestions for changes to minimize economic impact, and no evidence of conflict with other rules or changed conditions were submitted.

⁷On June 25, 1984, legislation (S.1816) was introduced that would amend the Textile Fiber Products Identification Act, the Tariff Act of 1930, and the Wool Products Labeling Act of 1939 to improve the labeling of textile fiber and wool products. Such products would be declared misbranded if country of origin (where processed or manufactured), either the United States or elsewhere, was not identified on a tag, label, or other means attached to the products or product package in a conspicuous place. For the first time, items made in the United States would be included in this labeling requirement.

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Measuring Poverty¹

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The Federal government first began measuring poverty in the sixties when the continued existence of Americans living at the edge of subsistence seemed out of congruence with the affluence of so many in the United States. Undertaking a "war on poverty" required finding out who was poor and, of course, why they were poor. This knowledge, it was hoped, would lead to new and better programs for alleviating poverty. This paper attempts both to explain how poverty is currently measured in the United States and to present some perplexing measurement issues.

HISTORY

Mollie Orshansky, then at the Social Security Administration, suggested in the early sixties that a reasonable measure of a poverty-level income would be that income sufficient to purchase a minimally adequate amount of goods and services. The data necessary to define and price a full "market basket" of goods and services did not then (and do not now) exist. Ms. Orshansky observed, however, that the data from the Department of Agriculture's (USDA) 1955 Household Food Consumption Survey showed that the average family of three or more persons spent approximately one-third of its after-tax income for food. She then multiplied the estimated cost of the USDA's 1961 economy food plan (a minimal food basket

¹This article is taken from a paper presented at the Agricultural Outlook Conference in December 1984 at Washington, DC.

The author would like to thank Gordon Fisher and Reuben Snipper for their helpful comments and suggestions. The views expressed in this paper are the author's own and do not represent those of the Departments of Health and Human Services or Agriculture.

meeting then currently recommended dietary allowances) by three. (For two-person families and unrelated individuals, the cost of the food plan was multiplied by slightly more than three in order to take account of the relatively larger fixed expenses of smaller households.) These thresholds varied by the size of the family, the age and sex of the family head (householder), and whether it was a farm or nonfarm family. (Farm family thresholds were set at 70 percent of the nonfarm thresholds.) In effect, these thresholds defined as poor any family (or individual) whose after-tax cash income was not sufficient to purchase a minimally adequate diet, assuming one-third of income was spent on food.

CENSUS POVERTY THRESHOLDS

The basic concept of measuring poverty has remained the same since the Orshansky thresholds were adopted in the midsixties, though various minor technical revisions have been made. At first, the thresholds were revised annually to reflect changes in the cost of the economy food plan. Since 1969, however, when the thresholds were officially recognized by the Office of Management and Budget (OMB), the thresholds have been adjusted for changes in the overall Consumer Price Index (CPI). (The farm/nonfarm differential was changed to 85 percent at that time as well.) The most recent revisions were made in 1980. The farm/nonfarm differential was abolished, as were separate thresholds for female-headed families, and thresholds were established for families of eight and of nine or more persons. (Formerly, the thresholds were defined only up to seven or more persons.) Thus, there are currently 48 basic thresholds (124 prior to 1981) that are weighted by estimates reflecting the population distribution of poor people among the categories to give the 13 thresholds usually reported--one each for unrelated individuals and family sizes two through nine or more, with four additional thresholds for elderly and nonelderly individuals and elderly-headed and nonelderly-headed

two-person families. Table 1 presents the weighted average poverty thresholds in 1983 and shows that the poverty threshold for a family of four is currently \$10,178. For comparison, the weighted average poverty threshold for a nonfarm family of four in 1968 was \$3,553.

Five rules followed by the U.S. Bureau of the Census (Census Bureau) have an important effect on the actual count of the number of people in poverty:

1. Poverty status is determined for unrelated individuals only if they are 15 years or older.
2. The count is only of poor families and individuals, not of poor households. Multi-person households are counted as a single unit only if the persons are all related.
3. Annual income is used, so no month-to-month profile of poverty is available.

Table 1. Weighted average poverty thresholds in 1983

Size of family unit	Threshold
1 person (unrelated individual).	\$5,061
15 to 64 years.....	5,180
65 years and over.....	4,775
2 persons	6,483
Householder 15 to 64 years ...	6,697
Householder 65 years and over	6,023
3 persons	7,938
4 persons	10,178
5 persons	12,049
6 persons	13,630
7 persons	15,500
8 persons	17,170
9 persons or more.....	20,310

Source: U.S. Department of Commerce, Bureau of the Census, 1984, Money income and poverty status of families and persons in the United States, 1983 (Advance data from the March 1984 Current Population Survey), Current Population Reports, Series P-60, No. 145.

4. Before-tax cash income, not post-tax disposable income, is used in judging whether a family is poor.

5. Noncash benefits are not counted in determining poverty status.

These rules do not all work in the same direction--some increase and some decrease the count of poor persons--but all affect the reported demographic profile of the poverty population.

OMB POVERTY GUIDELINES

A number of federally supported programs to assist low-income persons by law or regulation use a variant of the Census Bureau's poverty thresholds in determining income eligibility for benefits. This alternative, known as the OMB poverty guidelines, is a simplified and rounded-off version of the thresholds discussed above. The guidelines were issued from 1965 to 1981 by the Office of Economic Opportunity and its successor agency, the Community Services Administration, and have been published since 1982 by the Department of Health and Human Services. Separate guidelines are established for Alaska and Hawaii. These OMB guidelines are made available in February or March of a calendar year. (The Census thresholds are not published until August.) Although the OMB guidelines reflect inflation only through the previous year (as do the Census thresholds), they are used as guidance for the upcoming year. (The thresholds are used only to determine poverty for the previous year.)

The OMB guidelines (or adaptations of them) are used by a number of programs including the following:

Department of Health and Human Services. Community Services Block Grant, Low-Income Home Energy Assistance Block Grant, and Head Start.

Department of Agriculture. Food Stamps, National School Lunch Program (free and reduced-price lunches), and Special Supplemental Food Program for Women, Infants, and Children (WIC).

Department of Labor. Job Corps, and Migrant and Seasonal Farmworker Program.

Department of Education. Upward Bound.

The OMB guidelines are used in a number of different ways by these programs. For example, the National School Lunch Program requires that free meals be made available to children from families with incomes below 130 percent of the guidelines, and reduced-price meals to children from families with incomes between 130 percent and 185 percent of the guidelines. The Food Stamp program counts monthly, gross, pretax income against a monthly version of 130 percent of the guidelines for nonelderly, nondisabled households. (A different set of rules apply to elderly or disabled households.)

CURRENT AND PAST POVERTY

Table 2, adapted from the latest annual Census publication on poverty, characterizes the population below the poverty level in 1983. Poverty statistics published by the Bureau are based on the Current Population Survey (CPS) taken in March of each year. The number of persons below the poverty level in 1983 was 35.3 million, a statistically significant increase of nearly 900 thousand persons from 1982. Black and

Spanish origin families have substantially higher poverty rates than whites, and persons in families with a female householder (no husband present) have a much higher poverty rate than those in other family types.

The figure on p. 12 presents a picture of how the poverty rate has changed over time. The earliest measurement placed the poverty rate in 1959 at 22.4 percent. Due to economic growth and the expansion of income transfer programs, the poverty rate fell to an historic low of 11.1 percent in 1973, remaining at or near that level through 1979. The poverty rate has risen since then to 15.2 percent in 1983.

ISSUES IN MEASURING POVERTY

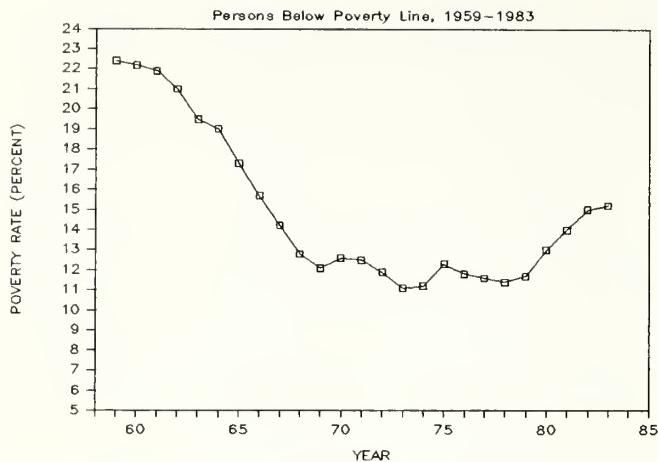
Poverty as a Social Indicator

How well is poverty defined by the measure now in use? The original definition of the poverty thresholds was based on an estimate of minimum subsistence, making the official poverty levels in some sense an absolute (as

Table 2. Persons, families, and unrelated individuals below the poverty level, 1983

Characteristic	Poverty rate	Persons
	Percent	Millions
All persons	15.2	35.3
White	12.1	24.0
Black	35.7	9.7
Spanish origin (of any race)	28.4	4.2
In metropolitan areas	13.8	21.8
Outside metropolitan areas.....	18.3	13.5
All families	12.3	7.6
Married-couple families	7.6	3.8
Male householder, no wife present	13.0	.3
Female householder, no husband present.....	36.0	3.6
All unrelated individuals	23.4	6.8

Source: U.S. Department of Commerce, Bureau of the Census, 1984, Money income and poverty status of families and persons in the United States, 1983 (Advance data from the March 1984 Current Population Survey), Current Population Reports, Series P-60, No. 145.



Source: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, various issues.

opposed to a relative) measure of poverty. But, there were problems in defining poverty as an absolute standard. Even in its original incarnation, no attempt was made to measure the subsistence levels of nonfood items in a poor family's budget because the data did not (and do not) exist. It was argued that since the average three-person family spent approximately one-third of its income (in 1955) on food and we could calculate the cost of a minimal diet, we could approximate an absolute poverty level by multiplying that cost by three. Because real incomes have risen tremendously since the midfifties, current families spend approximately one-fifth of their income for food. Thus, advocates of the poverty thresholds as an absolute measure have argued that the cost of the economy (now called thrifty) food plan should be multiplied by approximately five.

Such a position, it seems to me, ignores the basic purpose of the poverty rate. In my opinion, that basic purpose is to use the poverty as a social indicator--a measure of how well we as a society are doing to help the less fortunate members of our society. In that sense, the poverty line has evolved into a kind of relative measure, that is, a measure of how well those at the lower end of the income distribution are doing (or at least how many of them there are). In that role, its chief advantage is that it has a consistent definition (at least since 1969)

and uses a commonly accepted method for accounting for inflation. A true relative measure might be something like setting the poverty threshold at a fixed proportion of, say, the median income for each family size, and calculating the proportion of families falling below those thresholds. (The current thresholds are approximately one-third to two-fifths of median income, having fallen from roughly one-half in 1959.) Unfortunately, choosing a relative measure would likely lead to the truism that "the poor will always be with us," though that is not necessarily strictly true under a percentage-of-median-income definition.

Demographic Changes

The overall poverty rate has shortcomings as a social indicator. Demographic changes in the population, specifically the increase in female-headed families (no husband present) and in unrelated individuals, tend to lead to increases in the overall poverty rate since these two groups have above-average poverty rates. That is, even if there had been no change in the poverty rates of any individual demographic group, the poverty rate would have risen as these groups became a larger proportion of the population. It is only by going behind the concept of poverty measurement to looking at demographic change directly that we can gain an understanding of the social forces at work.

Inflation and Price Differentials

Inflation and, more broadly, prices create problems in measuring poverty. For example, the choice of an inflation index with which to adjust the thresholds from year to year is not without controversy. At first, changes in the price of food were used to adjust the cost of the minimal diet, with the multiplier remaining the same (at three). But changes in food prices change the food consumption behavior of families, leading OMB to adopt the CPI as the basis for adjusting the thresholds. In any case, should the appropriate index be one for items purchased by poor people rather than by all persons? (Some evidence shows that a price index so defined would probably have risen slightly less than the CPI actually has.) Should one adjust the poverty thresholds for regional

cost-of-living differentials? (The current Census thresholds make no distinction between a family living in New York City and one living in rural Mississippi, though the OMB guidelines do take special note of Alaska and Hawaii.) Although these alternatives may seem like reasonable ideas, the data do not exist to implement either of them.

Taxes

Poverty rates are calculated from sample survey data (the CPS). Not only is there underreporting of income by survey respondents (not limited to low-income respondents) and imputation of missing data, but the tax liability of the families in the sample is not asked. This leads to the anomaly of calculating poverty on a pretax basis but using a definition originally defined on a posttax basis. Simulating tax liability is an option but would lend an additional element of arbitrariness to the calculation.

Accounting Period

Monthly data on income are just now becoming available from the Survey of Income and Program Participation making it possible to define a poverty rate for an accounting period of less than 1 year. However, because of substantial month-to-month variations in income flows and expenditures and the ability of families and individuals to save, it may not make any sense to define poverty on a month-to-month basis.

Noncash Benefits

The most important and perhaps most controversial issue is what to do about noncash benefits. When the thresholds were originally defined, practically the only source of noncash benefits of any consequence was the noncash income of farmers. This was taken into account by establishing separate thresholds for farm and nonfarm families. As the number of farmers has fallen and as persons on farms have come to derive larger proportions of their total income from nonfarming employment, the importance of noncash income to farmers has fallen as well, and that distinction was eliminated in 1980. On the other hand, there has been a

tremendous growth in both government and private sector noncash transfers, for example, medicare, medicaid, food stamps, nutrition assistance, housing assistance, and employer-provided fringe benefits (mainly health insurance and pension contributions). How to value these transfers and whether to change the definition of poverty to be consistent with the changed definition of income has been the focus of a great deal of study. (See article on p. 14.)

Income Distribution

Finally, the number of persons in poverty is just one aspect of the overall distribution of economic well-being in this country. It is apparent that there is a strong trend towards a more unequal distribution of income over the past decade. In other words, even though the American "pie" has become bigger, the share of the lowest portion of the income distribution has fallen while the share of those at the upper end has risen. Serious students of U.S. economic well-being would do well to investigate all aspects of income distribution, not just poverty.

OUTLOOK

What is the outlook for the future? In terms of poverty itself, the rate will undoubtedly be lower in 1984 than it was in 1983. How much lower is a matter for speculation, but one competent researcher has suggested that based on his model, and using current Congressional Budget Office economic projections, the poverty rate will fall to 13.6 percent in 1986 (from 15.2 percent in 1983). In other words, economic growth will help, but the low poverty rates of the midseventies are not in sight. In terms of poverty measurement, it is likely, indeed inevitable, that discussion will focus on the appropriate treatment of noncash benefits in determining poverty.

SELECTED REFERENCE

U.S. House of Representatives, Committee on Ways and Means, Subcommittees on Oversight and on Public Assistance and Unemployment Compensation. 98th Congress. 1983. Background Material on Poverty. Committee Print 98-15.

245 In-Kind Income—Effect on Poverty¹

By John M. McNeil
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In September 1980 Congress directed the Secretary of Commerce to develop and publish estimates of the effect of in-kind benefits, such as food stamps and medical assistance, on the number of families and individuals below the poverty level. This project was made possible by the fact that the March supplement to the Current Population Survey (CPS) had been modified in 1980 to include questions about the receipt of food stamps, school lunches, medicare, medicaid, and public and subsidized housing. The results of a study by Dr. Timothy Smeeding were published by the Bureau of the Census in March 1982 in Technical Paper 50.² That report showed what the poverty rate would be for various groups within the population if income were redefined to include the value of benefits from the government programs mentioned above. The results were labeled "experimental," and a careful reading of the description of the methods used to value the benefits should convince users of the appropriateness of that term.

This article reviews the circumstances that led to the preparation of these estimates, describes the methods used to obtain them, and discusses concerns about reestimating the number of persons in poverty by changing the definition of income.

¹ This article is taken from a paper presented at the Agricultural Outlook Conference in December 1984 at Washington, DC.

² See "Measuring the effect of in-kind transfers on poverty," Family Economics Review 1983(2):22-23. Updates of these figures are available in Technical Paper 51 and Technical Paper 52.

Background

The definition of poverty that was developed by Mollie Orshansky and became our official definition was based on two key elements. The first key element was a Department of Agriculture food plan that was used to define the minimum income needed to meet food requirements. There were no similar plans available for nonfood items, however, so a procedure had to be developed to define the minimum income needed to meet nonfood requirements. The procedure chosen was to multiply the food plan by a factor so that the resulting dollar value represented the amount needed to meet both food and non-food requirements. The use of a multiplier became the second key element. The value of the multiplier was set equal to 3, the reciprocal of the proportion of income spent by all families on food in the 1955 Food Consumption Survey. The multiplier approach and the use of all families as the reference group had this implication: The proportion of income spent on food should be the same for low-income families as for all families.

This definition of poverty, together with the income data collected in the annual March supplement to the CPS, allowed the U.S. Bureau of the Census (Bureau) to begin publishing in 1969 official estimates of the number and characteristics of persons in poverty. The Bureau continues to publish regular reports, and estimates are available for the years 1959 through 1983.

The official poverty definition is relative in the sense that it is based on a necessarily subjective food plan and on certain expenditure patterns. It is absolute in the sense that the levels do not change over time except for price adjustments. Because the poverty threshold is fixed in terms of real dollars, the relative income of families at the poverty level declines as real average family income increases. In 1959 the poverty threshold for a family of four was about one-half of median family income; in 1983 it was equal to about one-third (table 1).

During the sixties and seventies the development of large new noncash benefit programs led to concerns about the adequacy of the poverty definition and ultimately to the congressional directive referred to

earlier. Among the programs initiated during this period were food stamps in 1964, medicare and medicaid in 1965, and a major new housing assistance program in 1974 (section 8--rental assistance). By 1983 these programs accounted for a large proportion of the assistance going to lower-income families. In 1983 the amount of means-tested cash assistance was approximately \$28 billion compared to outlays of \$11 billion under the food stamp program, \$32 billion under the medicaid program, and \$9 billion under housing assistance programs (table 2). It should be noted, however, that noncash

benefits to the nonpoor have also increased over the past two decades. For example, in 1983 employer contributions for health and pension plans amounted to \$171 billion and employers contributed another \$153 billion for Federal and State social insurance programs.

Methods Used to Value Noncash Benefits

The task of preparing estimates for non-cash benefits is fairly straightforward in the case of food stamps but very difficult for other types of benefits. The problem is

Table 1. Median family income and poverty thresholds for 4-person families, 1959-83

[In current dollars]

Year	Median family income	Poverty threshold	Poverty threshold as a percent of median family income
<u>Dollars</u>			
1959.....	6,070	2,973	49.0
1960.....	6,295	3,022	48.0
1961.....	6,437	3,054	47.4
1962.....	6,756	3,089	45.7
1963.....	7,138	3,128	43.8
1964.....	7,488	3,169	42.3
1965.....	7,800	3,223	41.3
1966.....	8,341	3,317	39.8
1967.....	8,994	3,410	37.9
1968.....	9,834	3,553	36.1
1969.....	10,623	3,743	35.2
1970.....	11,167	3,968	35.5
1971.....	11,626	4,137	35.6
1972.....	12,808	4,275	33.4
1973.....	13,710	4,540	33.1
1974.....	14,969	5,038	33.7
1975.....	15,848	5,500	34.7
1976.....	17,315	5,815	33.6
1977.....	18,723	6,191	33.1
1978.....	20,428	6,662	32.6
1979.....	22,579	7,412	32.8
1980.....	24,332	8,414	34.6
1981.....	26,274	9,287	35.3
1982.....	27,619	9,862	35.7
1983.....	29,184	10,178	34.9

Source: U.S. Department of Commerce, Bureau of the Census.

made worse by the limited amount of information on noncash benefits that is collected in the CPS. For example, except for food stamps, no information is collected on duration of recipiency. The valuation approaches make the assumption that the benefit was received during the entire year.

Smeeding used three approaches to the valuation of noncash benefits--the market value approach, the cash equivalence approach, and the poverty budget share approach.

The market value approach attempts to value the good or service at the price the good or service would command on the open market. In the case of food stamps, the approach is straightforward; they are counted at their face value. The valuation of other benefits is less straightforward. Benefits from school lunches are valued according to Department of Agriculture data on subsidies per meal for regular price, reduced price, and free school lunches. The CPS questionnaire does not distinguish between free and

Table 2. Selected sources of noncash income

[In billions of 1983 dollars]

Source	1959	1983
Government programs:		
Needy families program (food)	-\$0.4	--
School lunch program.....	.7	\$3.2
Food stamps.....	--	11.2
WIC ¹	--	.9
Medicare	--	55.6
Medicaid	--	² 32.2
Veterans' Administration medical care	2.9	7.8
Hospital care provided by public assistance or charity	8.0	--
Housing assistance for low-income persons	³ 3.3	³ 9.3
Energy assistance for low-income persons	--	1.8
Other:		
Employer contribution for private health and pension plans ..	35.2	170.6
Employer contributions for Federal and State social insurance programs.....	34.2	153.1
Return on equity in own home.....	⁴ 13.5	⁴ 48.8
Tax deductions for business meals and entertainment	(5)	(5)

¹ Women, Infants, and Children, Food and Nutrition Service, U.S. Department of Agriculture.

² Includes \$5.7 billion for persons in institutions.

³ Includes capital expenditures.

⁴ Obtained by calculating total equity in owner-occupied residence in 1962 and 1979 and applying a 3-percent rate of return.

⁵ Data could not be furnished by Internal Revenue Service. Clotfelter has estimated that the value of business "lunches" provided by proprietors and partnerships only, not including corporations, was \$10 billion in 1979 (C. Clotfelter, "Business perks and tax-induced distortions: The case of travel and entertainment," [working paper], Duke University, Institute of Policy Sciences and Public Affairs).

Source: Data on Government programs obtained from agencies responsible for each program. Data on employer contributions are from the Survey of Current Business.

reduced price lunches, so the assumption is made that children below 125 percent of the poverty level receive free lunches.

Because the private sector does not offer medical care plans that are comparable to medicare and medicaid, the market value of these programs is estimated by calculating program expenditures per enrollee or beneficiary. In the case of medicare, data are obtained for each State on persons covered because of age, persons covered because of disability, benefits paid on behalf of the aged, and benefits paid on behalf of the disabled. The estimated money value of being covered by medicare, then, depends on the State of residence and the person's risk class--whether they are covered because of age or disability. In 1983 the estimated money value of being covered by medicare ranged from \$1,016 for a person 65 or over living in Utah to \$4,051 for a disabled person living in the District of Columbia. In the case of medicaid, the money value of coverage depends on the State of residence and which one of four risk classes the person falls into--65 or over; disabled; 21 to 64, not disabled; and under 21, not disabled. The valuation of medicaid also depends on whether expenditures for persons in institutions are included when the expenditure per beneficiary figures are calculated. The inclusion of expenditures for persons in institutions increases the estimated dollar value of medicaid coverage substantially for the aged and disabled. In 1983 the estimated dollar value of being covered by medicaid ranged from \$166 for a nondisabled person under 21 in South Carolina (institutional expenditures excluded), to \$7,884 for an aged person in New York (institutional expenditures included), to \$10,243 for a disabled person in Minnesota (institutional expenditures included).

Obviously, the values assigned under the market value approach to disabled persons and to persons 65 and over who are covered by medicare and/or medicaid are very substantial. Because the 1983 poverty threshold was only \$4,775 for a single person 65 or over and only \$6,023 for a 2-person family with a householder 65 or over, the use of the market value approach reduces the poverty rate among persons 65 and over from

14.1 percent to 3.3 percent. In fact, in some States it would be nearly impossible for a 65-year-old to be classified as in poverty under the market value approach that includes institutional expenditures.

The method used to estimate the dollar value of housing assistance is especially complex. Ideally, one would like to know, for each public or subsidized housing unit, the actual rent paid and the rent that could be obtained for the unit on the open market. The difference would then be the dollar value of the housing subsidy. Unfortunately, no data on amount of rent paid are collected in the CPS. Such data are collected in the Annual Housing Survey, but of course that survey does not collect data on the amount of rent that subsidized units could command on the open market. The methodology used to assign a dollar value to housing assistance involves the following steps: (1) For each public or subsidized unit in the Annual Housing Survey, find a nonsubsidized unit that is similar in terms of certain characteristics of the unit and the household; (2) compare the subsidized rent with the nonsubsidized rent and consider the difference to be the dollar value of the housing assistance; and (3) use this information to assign the appropriate subsidy to each CPS household residing in a public or subsidized housing unit according to the type, size, and income of the CPS household.

In the cash equivalent approach the value of a benefit is the amount at which the recipient would be indifferent as to whether he or she received cash or the benefit. Although this concept is theoretically attractive as a method of valuing noncash benefits, the concept is difficult to implement. It would seem unrealistic to try to obtain a direct measure of cash equivalence by asking respondents to place a dollar value on the benefits from a particular program because some recipients lack knowledge about the various programs. A further difficulty is the possibility that some respondents may place a value on certain benefits (for example, medical care for themselves or their children) that would be considered inappropriately low by society. The approach that was actually adopted was

to try to measure the average expenditure an unsubsidized family of a given income level and type makes on the good or service in question. This amount is then considered to be the cash equivalent value for a recipient family of the same income level and type. (The income level of the recipient family is defined to be the sum of money income plus the market value of noncash benefits.) The average expenditure level is then compared to the market value of the benefit. If the average expenditure level exceeds the market value, the cash equivalent value is set equal to the market value. If the average expenditure level is less than the market value, then the cash equivalent value is set equal to the average expenditure level.

The average expenditure data that were used in estimating the cash equivalent value of food stamps were taken from the recent Consumer Expenditure Survey. There are no data on average unsubsidized lunch expenditures of school children, so the cash equivalent value of school lunches was simply set equal to the market value.

The implementation of the cash equivalent approach in the case of housing assistance is difficult and complex. Recall that a statistical matching technique was required to transfer estimates of actual housing costs and the amount of housing subsidy from the source file, the Annual Housing Survey, to the file from the CPS. A similar procedure is used to transfer estimates of average housing expenditures from households in the Annual Housing Survey to households in the CPS. To summarize, we need to know for each CPS household living in public or subsidized housing three items of information--actual housing costs, the value of their housing subsidy, and average housing costs of families with similar characteristics. None of these data items are available from the CPS, and only two are available from the Annual Housing Survey. The estimation procedure, then, involves the creation of an estimate of the value of housing subsidies and the statistical transfer of three critical data items from one survey to another. Once these transfers are made, the valuation of the housing subsidy for a given household under the cash equivalent approach depends on a

comparison of average housing expenditures for households of this type with the sum of actual costs plus market subsidy. If average expenditures are less than this sum, then the cash equivalent approach values the subsidy at an amount lower than the estimated market value of the subsidy.

The determination of the cash equivalent value of medicaid and medicare is made difficult by the fact that most U.S. households have health plans that are subsidized by either government or an employer. As a result, it is difficult to measure the average expenditures of unsubsidized households. The procedure used was to base estimates of average expenditure levels on data from the 1972-73 Consumer Expenditure Survey and ignore the fact that because of an inability to measure government and employer subsidies the average expenditure estimates were biased downward.

The final valuation approach, the poverty budget share approach, is similar to the cash equivalent approach except that the "average expenditure level" is replaced by "average amount spent by households at the poverty level." If the average amount spent by households at the poverty level is more than the market value of the benefit, then the benefit will be assigned its market value. If the average amount spent by poverty households is less than the market value, then the benefit will be assigned a value equal to the average expenditure of poverty households. For the general purpose of valuing noncash benefits, the poverty budget share approach has a serious conceptual problem. Regardless of the income level of the recipient family, noncash benefits cannot be assigned a value higher than the amount that an unsubsidized poverty family would spend on the good or service. (The problem of measuring the expenditures of unsubsidized poverty families is a separate issue.) For families above the poverty level, the poverty budget share approach puts a lid on the value of noncash benefits that is generally below the average amount spent by families of this type on the good or service in question. That is, the poverty budget share approach assigns a value of zero to some goods and services that are indicated by the cash equivalent approach to have a positive value.

Issues

There are two general types of issues that should be discussed concerning the Bureau's effort to value noncash benefits for the purpose of reestimating the number of persons in poverty. The following concerns fall under the general issue of methodology. First, it seems unreasonable to value the benefits of medicare and/or medicaid at such a level as to practically eliminate poverty for persons 65 and over. The poverty level is intended to measure the resources needed to meet basic food and nonfood requirements. Assigning a person \$6,000 in income because he or she is covered by medicare and medicaid does not help that person to meet his or her requirements for food, shelter, clothing, transportation, and personal care.

Second, the large difference between the market value and the cash equivalent value of medical care benefits raises serious questions. The difference is due in part to an inability to measure the average expenditures on medical care of unsubsidized persons and families who are in the same circumstances as medicare and medicaid recipients. There is little doubt that the average expenditure data that were used in the valuation process had a considerable downward bias.

Third, there would appear to be a problem with valuing school lunches at the full amount of the subsidy. If it could be measured, the average expenditure level on lunches for unsubsidized families may fall well below the cost of government subsidized school lunches. In fact, if school meals are designed to be an integral part of the educational process, there is as much reason to try to value education as to value school meals.

Fourth, the method used to value benefits from public or subsidized housing is complex and tenuous. The assignment of a value involves a good many statistical steps but rests basically on the assumption that it is possible to find pairs of housing units in the Annual Housing Survey that are essentially identical except that one is subsidized and the other is not. The problem with making this assumption is underlined by the fact that the Bureau has essentially given up on the problem of measuring housing quality.

The other general issue has to do with the relationship between the poverty thresholds and the income definition used to determine poverty status. The position taken on this issue would seem to be a reflection of how one interprets the meaning of today's poverty thresholds. One possible interpretation is that the poverty level should be viewed as having a validity independent of the method used to derive it. According to this view, the validity of the poverty level is derived from its general acceptance over time. A second possible interpretation is that the validity of the poverty level is dependent upon the method used to construct it. That is, the poverty level should be thought of as the product of a food plan and a multiplier. Under this view, the size of the multiplier was based on money relationships, and it is inappropriate to count non-cash benefits as income without reestimating the multiplier. Even if this view is accepted, however, it is not clear for which reference period the multiplier should be reestimated. An effort could be made to go back to the original time period, or the multiplier could be reestimated using the most recent data available.

Some New USDA Publications

The following is for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, 202-783-3238.

- HOUSING OF THE RURAL ELDERLY. 1984. Stock No. 001-019-00335-9. \$1.50.

The following is available from the Consumer Information Center, P.O. Box 100, Pueblo, CO 81102, 303-948-3334. (There is a \$1 fee when you order two or more free publications.)

- TALKING ABOUT TURKEY: HOW TO BUY, STORE, THAW, STUFF, AND PREPARE YOUR HOLIDAY BIRD. 1984. 24 pp. A comprehensive guide that includes recipes and easy-to-use charts on thawing, cooking time, and temperatures. 611M (USDA). Free.

245 Economic Outlook for Families¹

By June A. O'Neill

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The economic outlook for the family depends on whether the optimists' or pessimists' scenario is correct. Optimists are impressed with the recovery and see the stabilization of inflation as the key ingredient for future steady growth. They regard the slowdown in the second half of 1984 as a desirable cooling-off period. Pessimists, however, are more impressed with sluggishness in the economy and foresee a prolonged period of slow growth, with possibly even another recession in the near term. Since 1973 the economy has been in a period of unusually slow productivity growth. Output per hour of labor input increased by 3.3 percent a year from 1948 to 1965, by 2.3 percent a year from 1965 to 1973, and by only 1.2 percent a year from 1973 to 1978 (6). Between 1978 and 1981 productivity growth virtually ceased. Output per hour appears to have increased substantially in 1983 and the first half of 1984. This situation could, of course, simply reflect a cyclical recovery pattern. The real question then is whether productivity growth rates will return to the level of the fifties and sixties or remain at the levels of the seventies. The causes of the productivity slowdown are not well understood, so it is difficult to make predictions.

The Recessions and the Family's Economic Status

Between 1979 and 1982 the official poverty rate for all persons rose from 11.7 percent to 15.0 percent. This sharp increase, combined with the fact that the rate had barely declined over the preceding decade, led to widespread concern that earlier long-term

gains in reducing poverty had been eradicated in the space of a few years. Moreover, while many had expected that the rate would decline in 1983, it actually edged up further to 15.2 percent of the population, adding to the concern.

If we go back in time, what we find is that the poverty rate for individuals fell rapidly during the sixties--from 22.2 percent in 1960 to 12.1 percent in 1969. It was bumped up a bit by the recession of 1970 and then fell to its lowest point historically (11.1 percent) in the 1971-73 expansion. After that, the deeper recession of 1974-75 raised the rate, and the expansion that followed lowered it again. Sluggish economic growth and the high unemployment years of 1980-83 appear to be the cause of the recent rise in the poverty rate. Moreover, the poverty rate did not decline in 1983 because unemployment did not decline in 1983. In fact, the unemployment rate for all individuals in the labor force was 9.5 percent in both 1982 and 1983, 3.7 percentage points above the 1979 level; and the duration of unemployment continued to rise in 1983. Thus, 24 percent of the unemployed had been unemployed for 27 weeks or more in 1983, compared to 17 percent in 1982.

The upturn in the economy from 1983 to 1984 reduced unemployment substantially. By the third quarter of 1984 the unemployment rate had fallen two whole percentage points below the 1982 and 1983 levels--almost to the level of 1980. How much the poverty rate will fall depends, of course, on how much of the increase in fact can be attributed to recession. Certain cuts and changes in transfer programs were implemented in 1981, and they may have pushed some families into long-term poverty. To the extent this is the case, poverty may fall more slowly as the recovery proceeds.

A recent study by Blank and Blinder suggests that economic recovery will once more reduce the poverty rate to its prerecession level (2). Using statistical time-series analysis of the relation between the poverty rate and unemployment, the study shows that the slow growth and high unemployment of the 1973-83 decade raised the poverty rate by 4.5 percentage points. This effect is large and reflects an additional finding of the Blank and Blinder paper--that the impact of

¹This article is condensed from a paper presented at the Agricultural Outlook Conference in December 1984 at Washington, DC. Complete copies are available from the Family Economics Research Group. (See inside front cover for address.)

unemployment is particularly severe on low-income households. Based on their results, the authors estimate that the poverty rate will fall to between 11.1 to 11.5 percent by 1989. (The higher estimate assumes that the unemployment rate will fall to 7 percent; the lower estimate assumes an unemployment rate of 6.3 percent in 1989.)

Will persons in families headed by women (without a husband present) also share in the poverty decline? The colorful phrase "feminization of poverty" refers to the fact that a disproportionate share of the poor are in such families or are women living alone. Persons in female-headed families have increased as a percentage of the poor over the long term, both because they have increased as a percentage of the population and because their poverty rate, while having declined, did not decline as fast as that of the rest of the population. During the period 1979-83, however, this demographic group declined as a percentage of the poverty population, even though they continued to increase their share of the total population. This occurred because their poverty rate did not rise as much as the rate of other groups. Among the group of women heading their own families, the increase in poverty that did occur during the recession was largely confined to those who are out of the labor force (primarily full-time home-makers). This group is more likely to depend on welfare benefits, and since States have not increased benefits enough to compensate for inflation, welfare beneficiaries have experienced reductions in their real cash incomes. The percentage of women heading households who work full time, year round did not fall between 1979 and 1983 (remaining at about 36 percent of the group), and poverty for these working women did not rise significantly.

In terms of income and earnings, one notable pattern of the recession has been that women's income and employment has held up better than men's. During 1982 and 1983 the unemployment rate of adult men was higher than for adult women, reversing the usual pattern. In addition, the ratio of women's earnings to men's earnings rose between 1979 and 1983, resulting in a narrowing of the wage gap. For full-time year-round workers this ratio rose from 60 percent to 64 percent. In terms of hourly

earnings, the ratio rose from 68 percent to 72 percent. One reason for women's relative gain is that blue collar industrial employment is more vulnerable in a recession than white collar employment in the service sector, and women are disproportionately represented in the latter. In addition, however, there is some evidence that women have been increasing their work experience and schooling relative to men, factors that would create more lasting gains (7). The employment of wives was one factor that prevented family income from eroding more than it might during the 1979-83 period. Married-couple families in which the wife was in the labor force experienced smaller income losses than other families. Thus, the decline in income (after adjusting for inflation) was 10 percent among those families in which the wife was not in the labor force, compared to a 6-percent decline among two-earner families. The increase in the labor force participation of wives between 1979 and 1982--from 49 percent to 51 percent--also helped cushion the effects of the recession.

Longer Term Issues

Several important questions have been raised about the longer term trends that can be expected once the economy does recover from the severe recession of the early eighties. Will the poverty rate, even if it does decline to the 11.7 percent rate of 1979, remain stuck at this level as it seems to have done during the seventies despite increases in government benefits for the poor? Is the middle class eroding while the economy becomes polarized into the rich and the poor? Will the family survive as an institution?

To start with the last question first, the structure of the family has undergone considerable change over the past 25 years. In 1960, three-fourths of households consisted of married couples and their families; in 1984 such families represented only 59 percent of all households. Several developments account for this statistic. One is the rise in families headed by women, a group which increased from 10 percent to 16 percent of all families between 1960 and 1984 (and from 8 percent to 12 percent of all households). Underlying this trend is a

sharp increase in divorce, a rise in out-of-wedlock births, and an increasing tendency for women with children to set up their own households rather than move in with relatives.

Another pattern that has left its mark on household structure is the increase in single individuals. Between 1960 and 1984 the proportion of households consisting of a person living alone rose from 13 percent to 23 percent. Underlying this change is a substantial increase in the number of young adults (the baby boom generation), coupled with a substantial rise in the age of first marriage. An increasingly large proportion of men and women are delaying marriage into their late twenties and early thirties. In 1984, 21 percent of men from 30 to 34 years of age had never been married--up from just 9 percent in 1970. Among women, the incidence of singleness rose from 6 percent to 13 percent at ages 30 to 34, and from 11 percent to 26 percent among ages 25 to 29.

All of these trends differ in degree by race. Marital dissolution has increased more sharply for blacks than for whites, and both first marriage and remarriage rates have been lower for blacks. As a result, the percentage of black families headed by a woman without a husband increased from 22 percent in 1960 to 42 percent in 1983, compared to an increase over the same period of 8 percent to 12 percent among whites.

The factors explaining these changes in family structure are by no means thoroughly understood, but several possibilities are worth speculating about. Undoubtedly, the function of families has shifted since the beginning of the century, when production in the home was for the average family relatively more important than it is today. Fertility was considerably higher--the average woman gave birth to 4.7 children (compared to less than 2 today). The feeding and rearing of children and the home production of much of the goods consumed by the family led to a clear division of labor in the family, which tied women to an 84-hour work week in the home. In 1900 less than 6 percent of married women had paid jobs outside the home. Over the century these circumstances changed, in large measure as a response to the rise in the market wage and

the availability of technology, which provided low-cost substitutes for many of the chores once performed in the home. Today more than 50 percent of married women are in the labor force, and among married women under the age of 45 the percentage well exceeds 60 percent.

As a result, women can more readily become financially independent. Some research indicates that the increase in women's earnings and employment has increased marital dissolution. (It is also the case, however, that divorce and expectation of divorce increase women's labor force participation.) Financial independence has also been provided by the growth in welfare benefits and other transfer payments, and this too is believed to have contributed to marital dissolution among women with lower earnings prospects (5, 8).

There are two schools of thought about the possible effects on marriage and family of an increase in economic growth. One theory associated with the economist Richard Easterlin anticipates that productivity growth and earnings will increase as the smaller birth cohorts replace the large baby boom cohort in the labor force market (4). Easterlin further expects that rising wage rates for men will lead to increases in desired family size, a factor that would inhibit women's continuing development of careers outside the home. This theory suggests some retrenchment to earlier family patterns.

Others, for example the economists William Butz and Michael Ward, believe that rising real wages will exert a continuing pull on women's entry into the labor force, reinforcing the tendency for reduced fertility (3). Whether families will increasingly become less stable as a result of such a trend, is simply not known. It is possible, for example, that delayed marriages will eventually prove to be more lasting and that increased sharing by fathers in the rearing of children will cement marital bonds.

The changes that have occurred in family structure have affected other institutions, including statistics on income and poverty. Female-headed families, particularly those with children, are more likely to have low incomes than husband-wife families. Fathers do not provide child support in many cases

or such support is low, and it is difficult to work full time when small children are present. Mary Jo Bane (1) has calculated that if household structure had remained as it was in 1959, while the poverty rate for each household type changed as it actually did, the overall poverty rate in 1979 would have been 7.8 percent instead of 9.1 percent for whites, and 24.2 percent instead of 30.9 percent for blacks (1).

The failure of poverty to decline in the face of large increases in transfer programs during the seventies has also been noted. Between 1974 and 1983 Federal transfer programs that were means tested increased by 60 percent after adjusting for inflation. (Included in this calculation are Federal outlays on the Supplemental Security Income and Aid to Families With Dependent Children programs, food stamps, child nutrition programs, housing, and medicaid. State and local expenditures on these programs are excluded.) The number of poor persons also increased but by less (51 percent). One reason that these increases in government spending did not reduce poverty is that an increasing proportion of these transfers were in the form of noncash benefits that are not counted as income. Estimates by the U.S. Bureau of the Census suggest that if these benefits were included at their market value, measured poverty rates would be substantially lower, particularly for female-headed families with children, whose poverty rate in 1979 would have been reduced almost in half.

Economic growth, however, will also help female-headed families since these families also depend on earnings. Moreover, rising and more stable earnings of prospective husbands may prevent dissolution of marriages and encourage remarriage.

It is sometimes hard to distinguish trends from cyclical patterns. Some of the income patterns of the seventies that have been labeled trends seem likely to have been due to prolonged high unemployment. One is the much discussed increase in inequality of income and the supposed disappearance of the middle class. While there was a small increase in inequality of income, it could hardly be described as a polarization of the income distribution. Moreover, as the paper by Blank and Blinder shows (2), high

unemployment can account for the increase in inequality. In addition, the large size of the baby boom cohort entering the labor force produced some inequality both because of the change in age mix and because the earnings of the large number of inexperienced workers were at least temporarily depressed relative to older cohorts.

The future course of the family and of the incomes of Americans is related to complex and interrelated changes. It will be fascinating to see how the scenario unravels.

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1985 Outlook for Food Prices and Expenditures¹

In recent years food price increases have trended downward, reflecting abundant supplies of most foods and the easing of inflation in the general economy which helped hold down the costs of labor and other costs associated with marketing food. Since 1980, when food prices rose 8.6 percent, prices have risen at successively lower rates each year. In 1983 food prices rose 2.1 percent, marking the smallest increase since 1967. In 1984 food prices rose about 4 percent, double that of 1983 but equal to the 1982 increase; 1984 was the 9th year of the last 10 years that food prices have risen less than the general inflation rate.

The USDA's market basket statistics indicate the underlying cause of food price changes. The retail cost of the market

basket represents domestically produced farm foods sold in grocery stores, and consists of two parts--the farm value and the farm-to-retail price spread. The farm value represents about one-third of the retail cost. The farm-to-retail price spread is the difference between farm value and retail costs and represents all of the costs incurred in transforming raw farm products into finished foods and making them available to consumers. The market basket does not include imported foods and fish and seafood.

The farm value of food rose at a decreasing rate from 1980 to 1982, and then declined 2.2 percent in 1983 (table 1). This trend resulted in part from rising crop production and weak domestic and foreign demand for agricultural commodities resulting from the recession and the loss of some grain export markets. This, coupled with large supplies of livestock products, has depressed farm prices for several years. Increases in the farm-to-retail price spread have also slowed in recent years. Since the farm-to-retail price spread accounts for about two-thirds of the retail price of the market basket, smaller increases in food marketing costs significantly moderate the rise in food prices.

¹This article is abstracted from a paper presented by Ralph L. Parlett, agricultural economist with the Economic Research Service, USDA, at the Agricultural Outlook Conference in December 1984 at Washington, DC. Complete copies are available from the Family Economics Research Group. (See inside front cover for address.)

Table 1. Market basket statistics

Category	Relative weight	Average annual changes from previous year					
		1980	1981	1982	1983	1984 ¹	1985 ²
<u>Percent</u>							
Retail cost	100	7.2	7.7	3.6	0.9	4.0	1 - 4
Farm value	33	5.5	2.8	1.1	-2.2	4.8	-2 - 1
Farm-to-retail price spread	67	8.3	10.5	5.0	2.3	3.6	3 - 5

¹Preliminary.

²Forecast.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Marketing costs are expected to continue to rise at moderate rates through 1985. Many labor contracts of workers employed in food processing and retailing provide for wage increases in 1985 in the range of 3 to 4 percent. There is no indication of a rise in the minimum wage, covering a large number of the workers in the food service industry. Slower growth in the economy is expected in 1985, which will moderate the demand for packaging and transportation. Energy prices are not expected to increase significantly, particularly if OPEC oil prices decline, which seems reasonably likely at this time. Any increase in energy costs will most likely be for electricity.

In general, the recent trend in moderate food price increases will likely continue through 1985. The Consumer Price Index for food for 1985 is expected to average 2 to 5 percent above the 1984 average. Most farm foods are expected to be in good supply. Little, if any, rise in farm prices is

likely in 1985. Food marketing costs will rise 3 to 5 percent and consumer demand will be more moderate in 1985, putting little pressure on retail prices (table 2).

Based on the expected rise in food prices, and a rise in food consumption in 1985, personal consumption expenditures for food will rise in 1984 and 1985. The increase will result from the expected 4-percent rise in prices in 1984, some growth in the population, and continued large growth in away-from-home food consumption. In 1985 personal consumption expenditures are expected to rise 4 to 6 percent.

Disposable personal income is forecast to increase about 8 percent in 1985, considerably more than the rise in food expenditures. Consequently, the percentage of income spent on food will decline to 15 percent this year and 14.6 percent in 1985.

Table 2. Changes in food price indicators, 1982 through 1985

Consumer Price Indexes	1982	1983	1984 ¹	1985 ¹
<u>Percent</u>				
All food	4.0	2.1	4.0	2 - 5
Food away from home.....	5.3	4.4	4.3	3 - 6
Food at home.....	3.4	1.1	3.8	2 - 5
Meat, poultry, and fish	4.0	-0.7	1.7	2 - 5
Meats	4.8	-1.1	0.4	3 - 7
Beef and veal	1.4	-1.5	1.4	1 - 4
Pork	12.9	-0.7	-1.3	5 - 8
Poultry.....	-1.8	1.2	10.2	-5 - -2
Fish and seafood	3.6	1.2	3.5	2 - 5
Eggs	-2.8	4.7	10.4	-17 - -14
Dairy products	1.4	1.2	1.4	0 - 3
Fats and oils	-2.8	1.3	9.8	3 - 6
Fruits and vegetables	5.5	0.3	8.7	0 - 3
Sugar and sweets.....	-0.2	1.9	4.1	3 - 6
Cereals and bakery products	4.5	3.2	4.6	4 - 7
Nonalcoholic beverages	2.8	1.9	2.7	3 - 6

¹Forecast.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Outlook for Food Consumption Patterns¹

The outlook for food consumption patterns among U.S. consumers must recognize a myriad of different forces which collectively shape consumer purchases. On balance, the factors affecting consumer demand for food during 1985 are likely to have positive influences for poultry, cereals, and fruits and vegetables. They are expected to be neutral to slightly negative for beef, dairy, and sugar demand.

Economic Conditions

For any given food, the primary economic factors affecting demand are the price of the food, the prices of other substitute foods, and consumer incomes. Beyond prices and incomes, other economic factors also affect food consumption levels. Income distribution is important with respect to the outlook for specific food categories. Employment levels, or unemployment, not only impacts income directly but consumer expectations as well. As unemployment levels increase in response to economic downturns, consumers tend to feel more uncertain about the future, and purchase patterns become more conservative. The money available for food purchases is also affected by changes in costs associated with other components of the consumer's budget, such as interest rates, housing costs, and transportation rates. Interest rates may have a different impact depending on whether the household is a net borrower or a net saver. For net savers, higher interest rates will likely result in increases in unearned income and could affect food consumption patterns in a positive manner. Higher interest rates mean higher financing expenditures for those families who are net borrowers. For these families, higher interest rates can result in reduced income availability for food

purchases. At least in the short run, consumers have limited flexibility to offset higher housing and transportation costs by changing their spending patterns within these categories. Thus, for many families, especially within low-income groups, food expenditures may represent the most discretionary budget item.

Assuming other factors constant, the expected state of the economy during 1985 should have minimal impact on changes in food consumption patterns from that experienced during 1983 and 1984. Within food categories, the moderation in economic growth rates is likely to result in less positive demand growth for the beef, fats, and sugar food categories than during 1984. General economic conditions are likely to represent a more positive demand force, compared to 1984, for poultry, pork, eggs, dairy, and fruits and vegetables. Actual consumption levels and prevailing price levels will, however, be heavily influenced by production performance.

Socio-Demographic Trends

Socio-demographic trends among consumers tend to affect food consumption patterns slowly and systematically over time. Thus, we would not generally expect the outlook for food consumption in any given year to be abruptly impacted by changes in demographic and sociological groups. Nevertheless, it is appropriate to review recent evidence of differences in consumption patterns among various groups, to summarize how these groups are growing or shrinking in importance within the United States, and to draw some general conclusions regarding implications for positive and negative forces on food consumption patterns.

Perhaps one of the most dynamic features concerning the demographic characteristics of American consumers relates to the makeup of households. Between 1970 and 1980, one-person households increased 78 percent, from 17 percent to nearly 23 percent of all households.² Analysis of the most current

¹This article is abstracted from a paper presented by Lester H. Myers, Branch chief, Economic Research Service, USDA, at the Agricultural Outlook Conference in December 1984 at Washington, DC. Complete copies are available from the Family Economics Research Group. (See inside front cover for address.)

²U.S. Department of Commerce, Bureau of the Census, 1983, Population profile of the United States: 1982, Current Population Reports, Special Studies, Series P-23, No. 130.

data available, as provided by the Bureau of Labor Statistics Continuing Consumer Expenditure Survey, indicates that single-member households spent 36.8 percent more per capita for total food and 11.6 percent more for food at home during 1981 than the average for all families. Single-person households spent an estimated 6 percent less for beef consumed at home during 1981 than the average beef expenditures by all households. Per capita expenditures for pork were reported to be 3.4 percent below the average expenditures for pork. However, this group spent an estimated 10 percent more than average for poultry and 11.6 percent more for fish and seafood consumed at home. At home consumption expenditures for cheese were 28.5 percent higher for single-member households than the average. Fruit and vegetable expenditures averaged 32 percent higher for single-member households than the average for all households.

Between 1980 and 1982, single member households grew 5.8 percent, while the total number of households grew 3.4 percent. The trend toward more single-member households is likely to continue and should represent a positive force for poultry, seafood, cheese, and fruit and vegetable consumption.

Single-female-parent families with children under 18 years of age increased from 4.5 percent of the total households in 1970 to 6.7 percent in 1980. Families in this category spent 26 percent less per capita for total food and 18 percent less per capita for food at home during 1981 than average expenditures for all families. Families in this category tend to have lower incomes, which in turn affects food selection. Expenditures for cereals, processed meats, and fresh whole chicken are higher within this group than the average expenditures for all households.

In 1982 an estimated 11.6 percent of the population was 65 years of age and older. By 1990 this group is expected to comprise nearly 13 percent of the population. During 1981 per capita food expenditures for households where the head was over 64 years old

averaged 6.1 percent, about the average for all households. Food at home expenditures were estimated at 18.4 percent above the average. This group tends to spend relatively more for cereal and bakery products, pork, poultry, fish, eggs, and fruits and vegetables. They spend proportionately less for dairy products, processed meats, and beef.

In 1981 households reporting incomes of \$5,000 or less spent an estimated 17.4 percent less per capita for food than the average expenditures by all households. Food at home expenditures, however, were only 8.2 percent below the average expenditures by all households. Expenditures within this low-income group for poultry and eggs were higher than average household expenditures. Average expenditures for beef and pork were 89 percent and 85 percent, respectively, of all the households average.

Contrasted to the low-income pattern, families averaging \$30,000 and over spent 29 percent more than average for food and 18 percent more for food at home. Beef expenditures were 29 percent above average, whereas pork and poultry expenditures were 18 percent and 15 percent above the average, respectively. Per capita weekly expenditures for poultry were identical for both the lowest and the highest income groups.

Food Marketing Initiatives

Consumer demand is not independent of marketing and promotion initiatives by food marketing firms and by some agricultural commodity groups. These activities include, but are not limited to, promotion and advertising, new product development, packaging innovations, changes in the services provided by the food retailer, and product proliferation. Some activities (services provided by retailers, for example) may be neutral with respect to stimulating the demand for one food group over another but can affect retailing margins and overall food costs. The three types of marketing initiatives likely to have the greatest impact in 1985 are as follows:

1. Increased advertising by commodity groups, especially dairy, which may result in increased demand for dairy products.
2. Product development, including aseptic packaging of fruit juices in single-serving

sizes (which may encourage the use of a lunch beverage) and the widespread adoption of aspartame (marketed under the NutraSweet brand name) as the sweetener in diet soft drinks, which could inhibit the growth of sugar consumption.

3. The continuation of a restructuring of the food retailing sector, including the rapid expansion of warehouse food stores and the renegotiation of existing labor contracts by large retail chains.

New Publications from Human Nutrition Information Service

The following new publications from USDA's Human Nutrition Information Service are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402:

- **Your Money's Worth in Foods.** HG 183, 39 pp. This bulletin brings together, in a new attractive form, up-to-date information on meal planning and food shopping to help family food managers get their money's worth in foods for good nutrition. Many practical guides and cost comparison tables in the bulletin will help families spend food money wisely. Stock No. 001-000-04431-1, price \$2.25.
- **Meat, Poultry, Fish and Eggs: Selection, Storage, and Preparation.** HERR 46, 18 pp. This report presents information on quality factors, market forms, yields, home storage, and preparation by broiling, roasting, braising, and simmering. Time tables for cooking are also presented. Stock No. 001-000-04430-3, price \$1.50.
- **Recipes for Quantity Food Service.** HERR 47, 202 pp. Standardized recipes and preparation information for foods made in quantity (100 servings) are presented in a looseleaf notebook format. Recipes and information on the nutritive value of foods per serving are included for beverages, breads and cereals, desserts, main dishes, salads and salad dressings, sandwiches, sauces, soups, and vegetables. This recipe file is especially useful to inexperienced food service personnel and people who prepare food in quantity occasionally. Stock No. 001-000-04379-0, price \$7.50.
- **Nutrient Intakes: Individuals in 48 States, Year 1977-78.** USDA's Nationwide Food Consumption Survey 1977-78, Report No. I-2, 439 pp. This report presents information on 3-day nutrient intakes for over 36,000 individuals. Data are provided for 22 sex-age groups by 4 income levels, 3 urbanizations, 2 racial groups, and 4 seasons in 157 tables, and results are summarized. Included are contributions of 14 groups of foods to intakes of food energy and 14 nutrients, average intakes of the nutrients compared to the 1980 Recommended Dietary Allowances, contributions of food eaten away from home and of meals and snacks and the frequency and time of day food was eaten, and use of vitamin and mineral supplements. Stock No. 001-000-04424-9, price \$13.00.
- **Composition of Foods: Vegetables and Vegetable Products...Raw, Processed, Prepared.** AH 8-11, 502 pp. This report presents information on the nutrient content of 470 vegetables and vegetable products. Data are provided for refuse, energy; water, protein, fat, carbohydrate, and ash; 9 mineral elements; 9 vitamins, individual fatty acids, and amino acids. Stock No. 001-000-04427-3, price \$16.00.
- **Composition of Foods: Nuts and Seed Products...Raw, Processed, Prepared.** AH 8-12, 137 pp. This report presents information on the nutrient content of 117 nut and seed products. Data are provided for the same dietary components as in AH 8-11 described above. Stock No. 001-000-04429-0, price \$5.50.

Current Population Studies

The Bureau of the Census has published a report titled "Population Profile of the United States, 1982." This publication covers many topics in charts, data tables, and brief text; including population trends, metropolitan and nonmetropolitan population, farm population, households and families, marital status and living arrangements, fertility and birth expectations, school enrollment, educational attainment, voting, labor force and employment, occupation, industry, family money income, noncash benefits, poverty, the elderly, and national population projections. Several topics are briefly summarized below.

Metropolitan and Nonmetropolitan Population

The concentration of whites in the cities has been dwindling since the early 1900's. This trend of moving from city to suburb has been popular with the white population for the past 80 years, but since the seventies it has also become an increasingly popular option for the black population. In the past decade there was also a large increase in the number of whites moving beyond suburbia into nonmetropolitan areas. Twenty-three percent of the white population lived in central cities in 1982, whereas 43 percent lived in the suburbs and 34 percent lived in nonmetropolitan areas. These proportions in 1970 were 28 percent, 40 percent, and 32 percent, respectively. Only 55 percent of the Nation's black population lived in central cities in 1982, compared with 59 percent in 1970. The total number of blacks living in the suburbs grew by about 2 million between 1970 and 1980.

School Enrollment

In fall 1982, approximately 58 million persons 3 to 34 years of age were enrolled in school, about 2.5 million less than the number enrolled in 1970. This decline in enrollment was largely due to the decrease of students in elementary school and high school; there were substantial increases in nursery school and college.

Between 1970 and 1982, the 25- to 34-year-old population grew by about 57

percent, while the 18- to 24-year-old group grew by only 28 percent. As a result, the college enrollment of persons age 25 to 34 increased faster than that of the younger group. In the 25- to 34-year-old group, the number of men enrolled in college increased 55 percent, whereas the number of women enrolled increased 274 percent. The number of men and women enrolled in college in the younger group increased 15 percent and 55 percent, respectively.

Of all 18- to 34-year-olds enrolled in 1982, 74 percent of the men were full-time students, compared with 67 percent of the women. Part-time enrollment increased in popularity for both sexes over the past decade. In 1982 more women than men were enrolled part time; the opposite was true in 1970.

Voting

Data from the 1976 and 1980 Presidential elections and the 1978 and 1982 congressional elections indicate that the decline in the voting rate that began in the early sixties has ended. The voting rate for Presidential elections held steady at 59 percent in 1976 and 1980; the voting rate for congressional elections increased from 46 percent in 1978 to 48.5 percent in 1982.

Voting rates vary with social and economic characteristics. In 1982, 67 percent of college graduates voted, compared with 36 percent of persons who attended only elementary school and 47 percent of persons who completed high school.

Employment status is also an important indicator of voting behavior. Fifty percent of employed persons voted, although only 34 percent of unemployed persons participated. Persons employed in white-collar occupations were more likely to vote than persons in blue-collar occupations.

Other variables that were found to affect voter turnout, based on the November 1982 participation, included wealth, race, age, housing tenure, and region of the country.

Source: U.S. Department of Commerce, Bureau of the Census, 1983, Population profile of the United States, 1982, Current Population Reports, Special Studies, Series P-23, No. 130.

Work Interruptions and Earnings

Results from the 1979 Income Survey

Development Program provide information on lifetime work interruptions and the relationship between these interruptions and earnings.¹ Survey questions asked whether the individual had ever been away from work for 6 months or longer. Answers were separated into the following three categories: (1) He/she was unable to find work, (2) he/she was taking care of home or family, and (3) he/she was ill or disabled. While the descriptive data below confirm that the labor force attachment of women is weaker than that of men, the study concluded that work interruptions explain only a small proportion of the earnings differentials between men and women.

Large differences between the sexes in lifetime work attachment patterns were evident. One-fourth of the men had experienced a work interruption of 6 months or more, compared with about three-fourths of the women. Women experienced more interruptions due to family obligations; approximately 67 percent of all the women interviewed had interruptions for family reasons, compared with only 2 percent of the men.

Black women had a stronger attachment to the work force than did white women; the opposite held true for men. The stronger attachment of black women was primarily due to their low rate of interruption for family reasons. Of all women, 67 percent of white women experienced interruptions due to family reasons, compared with 44 percent of black women. Black men had a higher interruption rate than white men due to an inability to find work. Overall, black men

spent about 7 percent of their income-earning years away from work, compared with 3 percent for white men.

Higher levels of education for both men and women were correlated with fewer work interruptions. Work interruptions due to the inability to find work were found to decrease with increasing education. For women, a relationship existed between the level of education and interruptions due to family reasons, but the key variable here depended on whether the individual graduated from college. The high level of labor force commitment necessary to deter family interruptions is more salient among college graduates; 67 percent of women without a college degree experienced interruptions due to family reasons, compared with 50 percent of those women who graduated from college.

For all occupations, women experienced more work interruptions than men, and women spent a far greater proportion of their work years away from work. Decisions concerning education, occupation, and family interruptions are not independent. Women who expect to be out of the labor force for significant periods during their income-earning years tend to make different decisions concerning schooling and occupation than those women who expect to minimize labor force interruptions.

Life cycle status was found to be an important determinant of labor force attachment. Life cycle status included age; marital status; and for women under 45, the presence of children living at home. Marriage and childbearing have significant effects on women's attachment to the labor force. For each age group, ever-married women spent a larger proportion of time away from work than never-married women, and women with children spent a larger proportion of their time away from work than women without children. Among women 21 to 29 years of age, the overall rate of interruption ranged from about 21 percent for never-married women with no children to about 81 percent for ever-married with children. Among women 30 to 44 years, the percentages were 33 percent and 85 percent, respectively.

¹This survey is part of the development stage of the forthcoming Survey of Income and Program Participation (SIPP) to be conducted by the Departments of Commerce and Health and Human Services. SIPP is intended to collect information through household visits and link it with data from various administrative record systems to provide a comprehensive data base with unique analytical potential for government policy research, and for academic and business researchers.

There was an association between age and work interruptions for both sexes. This overall relationship was due to the positive correlation of both family- and disability-related interruptions with age. The proportion of women with interruptions due to family reasons was 43 percent for women under 30 years and 73 percent for women over 30 years of age. Approximately 4 percent of women under 30 years of age had interruptions due to disabilities, compared with about 7 percent among women 30 to 44 years and 16 percent for women 45 to 64 years. The positive association between age- and disability-related interruptions was also evident in the data

on men. About 3 percent of men 21 to 29 years of age experienced interruptions due to disability, compared with 8.5 percent among men 30 to 44 years and 18 percent among men 45 to 64 years of age.

Source: U.S. Department of Commerce, Bureau of the Census, 1984, Lifetime work experience and its effect on earnings: Retrospective data from the 1979 Income Survey Development Program, Current Population Reports, Special Studies, Series P-23, No. 136.

Consumer Prices

Consumer Price Index for all urban consumers [1967 = 100]

Group	Jan. 1985	Dec. 1984	Nov. 1984	Jan. 1984
All items	316.1	315.5	315.3	305.2
Food	307.3	305.1	304.1	299.4
Food at home.....	296.1	293.2	292.4	290.2
Food away from home.....	339.9	339.2	337.7	327.2
Housing	342.0	341.2	340.9	329.2
Shelter.....	371.2	370.1	368.9	353.2
Rent, residential	257.1	256.1	254.8	242.9
Fuel and other utilities	387.2	386.0	387.5	376.0
Fuel oil, coal, and bottled gas	621.6	625.9	626.9	642.8
Gas (piped) and electricity	441.1	442.2	444.7	427.3
Household furnishings and operation...	244.2	244.2	244.2	240.4
Apparel and upkeep	199.8	203.2	205.2	196.4
Men's and boys'	193.2	196.0	197.8	189.7
Women's and girls'	161.3	167.2	170.4	158.8
Footwear	208.6	211.4	212.9	206.7
Transportation	314.7	315.8	316.1	306.0
Private.....	309.1	310.4	310.8	300.9
Public.....	394.5	392.8	391.8	378.2
Medical care.....	391.1	388.5	387.5	369.5
Entertainment	261.0	260.1	259.0	249.9
Other goods and services.....	319.1	316.7	316.5	300.5
Personal care.....	277.2	276.6	276.3	266.9

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Updated Estimates of Cost of Raising a Child

The cost of raising urban children: 1984 annual average; moderate-cost level¹

Region and age of child (years)	Total	Food at home ²	Food away from home	Clothing	Housing ³	Medical care	Education	Transportation	All other ⁴
NORTH CENTRAL:									
Under 1	\$4,264	\$563	\$0	\$137	\$1,828	\$282	\$0	\$863	\$591
1	4,392	691	0	137	1,828	282	0	863	591
2-3	4,089	691	0	223	1,606	282	0	752	535
4-5	4,332	794	140	223	1,606	282	0	752	535
6	4,523	768	140	309	1,523	282	130	752	619
7-9	4,703	948	140	309	1,523	282	130	752	619
10-11	4,882	1,127	140	309	1,523	282	130	752	619
12	5,211	1,152	168	446	1,578	282	130	808	647
13-15	5,340	1,281	168	446	1,578	282	130	808	647
16-17	5,860	1,434	168	617	1,634	282	130	891	704
Total	86,845	17,953	2,128	6,038	28,798	5,076	1,560	14,260	11,032
NORTHEAST:									
Under 1	4,227	666	0	137	1,855	282	0	752	535
1	4,381	820	0	137	1,855	282	0	752	535
2-3	3,264	794	0	240	1,689	282	0	696	563
4-5	4,506	896	140	240	1,689	282	0	696	563
6	4,838	896	168	326	1,661	282	162	696	647
7-9	5,018	1,076	168	326	1,661	282	162	696	647
10-11	5,248	1,306	168	326	1,661	282	162	696	647
12	5,570	1,306	168	480	1,717	282	162	780	675
13-15	5,724	1,460	168	480	1,717	282	162	780	675
16-17	6,138	1,613	197	600	1,744	282	162	836	704
Total	91,554	20,514	2,354	6,310	30,788	5,076	1,944	13,256	11,312
SOUTH:									
Under 1	4,642	615	0	154	1,966	313	0	919	675
1	4,770	743	0	154	1,966	313	0	919	675
2-3	4,469	717	0	240	1,744	313	0	808	647
4-5	4,686	794	140	240	1,744	313	0	808	647
6	4,969	794	168	326	1,661	313	195	808	704
7-9	5,123	948	168	326	1,661	313	195	808	704
10-11	5,327	1,152	168	326	1,661	313	195	808	704
12	5,677	1,152	197	480	1,717	313	195	863	760
13-15	5,831	1,306	197	480	1,717	313	195	863	760
16-17	6,263	1,434	197	617	1,772	313	195	947	788
Total	94,410	18,260	2,470	6,378	31,286	5,634	2,340	15,264	12,778
WEST:									
Under 1	4,574	615	0	137	1,911	345	0	919	647
1	4,727	768	0	137	1,911	345	0	919	647
2-3	4,483	743	0	223	1,717	345	0	808	647
4-5	4,753	845	168	223	1,717	345	0	808	647
6	5,107	820	197	326	1,689	345	162	836	732
7-9	5,286	999	197	326	1,689	345	162	836	732
10-11	5,516	1,229	197	326	1,689	345	162	836	732
12	5,819	1,229	197	463	1,744	345	162	919	760
13-15	5,947	1,357	197	463	1,744	345	162	919	760
16-17	6,527	1,537	225	583	1,828	345	162	1,003	844
Total	96,484	19,208	2,756	6,140	31,456	6,210	1,944	15,768	13,002

¹ Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411 by Carolyn S. Edwards, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation." This publication is for sale by the U.S. Government Printing Office, Washington, D.C. 20402.

² Includes home-produced food and school lunches.

³ Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

⁴ Includes personal care, recreation, reading, and other miscellaneous expenditures.

The cost of raising rural nonfarm children: 1984 annual average; moderate-cost level¹

Region and age of child (years)	Total	Food at home ²	Food away from home	Clothing	Housing ³	Medical care	Education	Transportation	All other ⁴
NORTH CENTRAL:									
Under 1	\$4,029	\$512	\$0	\$120	\$1,744	\$282	\$0	\$836	\$535
1	4,157	640	0	120	1,744	282	0	836	535
2-3	3,697	615	0	189	1,468	251	0	696	478
4-5	3,911	717	112	189	1,468	251	0	696	478
6	4,229	717	140	292	1,440	251	130	724	535
7-9	4,383	871	140	292	1,440	251	130	724	535
10-11	4,588	1,076	140	292	1,440	251	130	724	535
12	4,937	1,076	140	446	1,495	251	130	808	591
13-15	5,065	1,204	140	446	1,495	251	130	808	591
16-17	5,439	1,332	168	549	1,523	282	130	836	619
Total	80,966	16,650	1,960	5,630	27,026	4,642	1,560	13,704	9,794
NORTHEAST:									
Under 1	4,679	615	0	137	1,966	282	0	975	704
1	4,807	743	0	137	1,966	282	0	975	704
2-3	4,588	717	0	223	1,800	282	0	891	675
4-5	4,859	820	168	223	1,800	282	0	891	675
6	5,215	820	197	326	1,772	282	195	891	732
7-9	5,368	973	197	326	1,772	282	195	891	732
10-11	5,599	1,204	197	326	1,772	282	195	891	732
12	5,938	1,204	197	497	1,828	282	195	947	788
13-15	6,091	1,357	197	497	1,828	282	195	947	788
16-17	6,622	1,511	225	652	1,883	282	195	1,030	844
Total	98,352	18,876	2,756	6,414	32,842	5,076	2,340	16,708	13,340
SOUTH:									
Under 1	4,837	615	0	154	1,966	313	0	1,114	675
1	4,939	717	0	154	1,966	313	0	1,114	675
2-3	4,471	691	0	240	1,689	313	0	919	619
4-5	4,742	794	168	240	1,689	313	0	919	619
6	4,937	768	168	326	1,634	313	162	891	675
7-9	5,091	922	168	326	1,634	313	162	891	675
10-11	5,296	1,127	168	326	1,634	313	162	891	675
12	5,692	1,127	197	497	1,689	313	162	975	732
13-15	5,820	1,255	197	497	1,689	313	162	975	732
16-17	6,319	1,409	225	703	1,717	313	162	1,030	760
Total	94,794	17,800	2,582	6,618	30,682	5,634	1,944	17,210	12,324
WEST:									
Under 1	5,021	615	0	137	1,994	345	0	1,114	816
1	5,149	743	0	137	1,994	345	0	1,114	816
2-3	4,649	717	0	223	1,717	313	0	947	732
4-5	4,920	820	168	223	1,717	313	0	947	732
6	5,297	794	168	343	1,689	345	195	947	816
7-9	5,476	973	168	343	1,689	345	195	947	816
10-11	5,681	1,178	168	343	1,689	345	195	947	816
12	6,076	1,178	197	515	1,744	345	195	1,030	872
13-15	6,230	1,332	197	515	1,744	345	195	1,030	872
16-17	6,830	1,511	225	600	1,855	345	195	1,170	929
Total	100,821	18,697	2,582	6,484	31,676	6,082	2,340	18,158	14,802

¹Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411 by Carolyn S. Edwards, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation." This publication is for sale by the U.S. Government Printing Office, Washington, D.C. 20402.

²Includes home-produced food and school lunches.

³Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

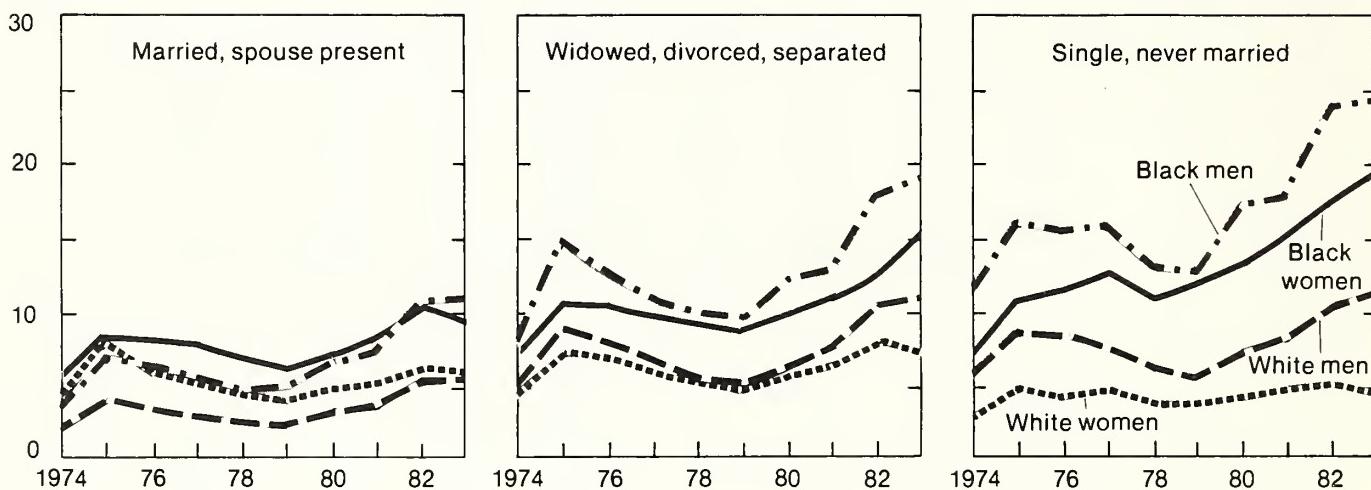
⁴Includes personal care, recreation, reading, and other miscellaneous expenditures.

Some New USDA Charts

Chart 123

Unemployment Rates

Percent



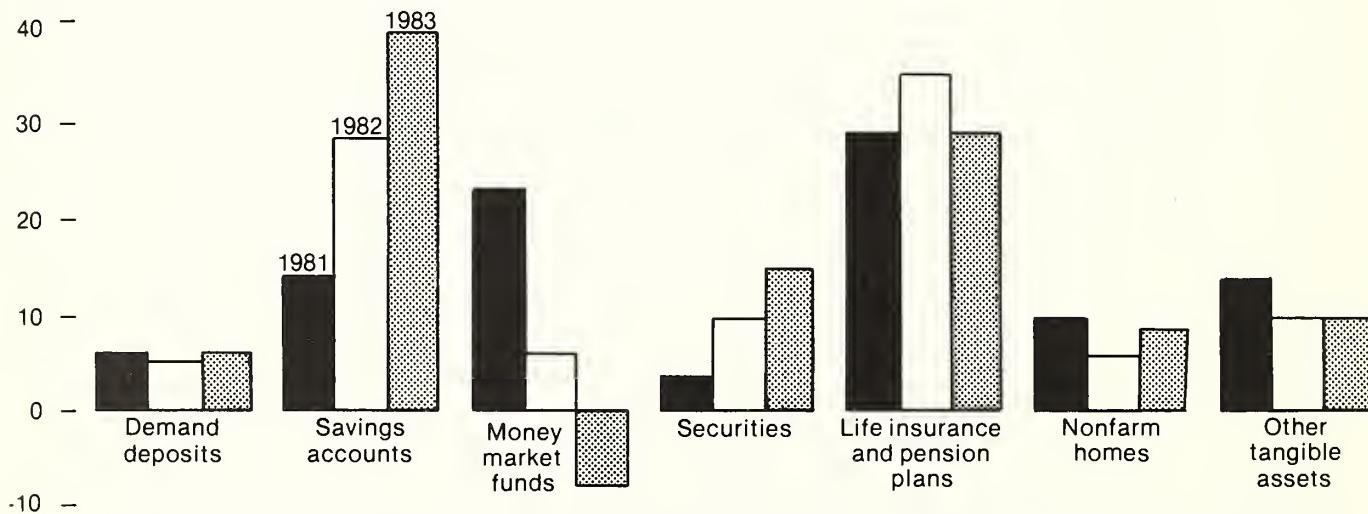
Ages 25 and over. Black no longer includes "other races" group.

Source: Bureau of Labor Statistics.

Chart 126

Distribution of Net Individual Savings

Percent

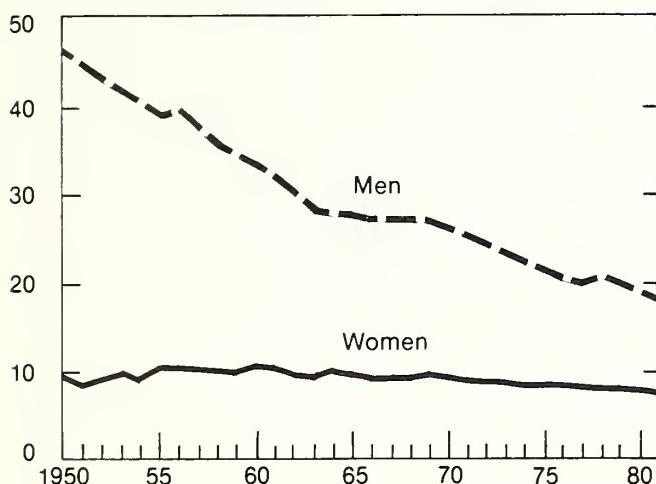


Net individual savings is increases in household wealth. Other tangible assets include consumer durables, nonresidential fixed assets, and inventories.
Source: Federal Reserve Board.

Chart 130

Labor Force Participation of the Elderly

Percent



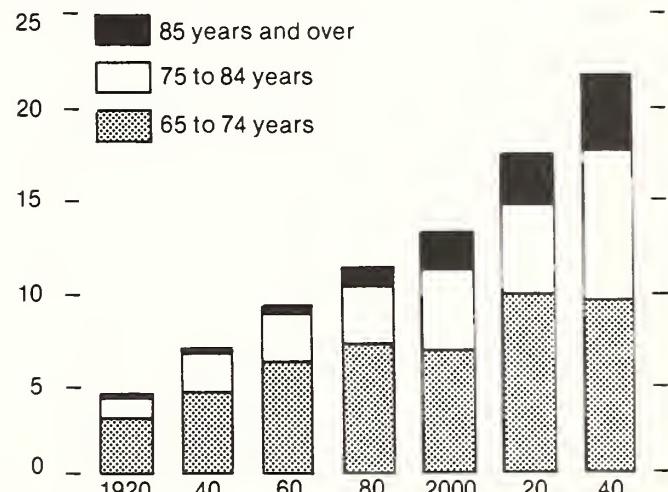
Elderly population includes persons 65 years and older.

Source: Bureau of Labor Statistics.

Chart 129

Growth of the Elderly Population

% of population



Source: Bureau of the Census.

Chart 122

Cost of Raising Northeastern, Rural, Nonfarm Children

Housing 33%

Other 14%

Clothing 7%

Medical care 5%

Transportation 17%

Education 2%

Food 22%

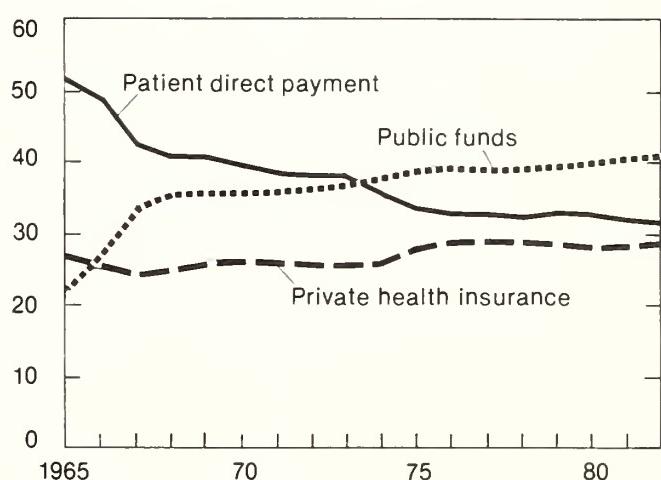
Total cost
\$97,708

June 1984 data. Moderate cost level, birth to age 18.

Chart 133

Personal Health Care Expenditures

Percent

Patient direct payment includes deductibles and co-insurance but excludes premium payments for medicare and private insurance.
Source: Health Care Financing Administration.

Cost of Food at Home, U.S. and Regions

Cost of food at home estimated for food plans at 4 cost levels, January 1985, U.S. average¹

Sex-age group	Cost for 1 week			Cost for 1 month		
	Thrifty plan ²	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan ²	Low-cost plan
FAMILIES						
Family of 2: ³						
20-50 years and over.....	\$37.00	\$46.50	\$57.20	\$70.60	\$160.10	\$248.10
51 years and over.....	35.00	44.40	54.60	65.20	151.50	236.60
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years.....	53.80	66.90	81.40	99.50	232.70	352.90
6-8 and 9-11 years.....	61.80	78.60	98.10	117.70	267.30	425.30
INDIVIDUALS ⁴						
Child:						
1-2 years	9.70	11.70	13.60	16.30	41.90	50.60
3-5 years	10.50	12.90	15.80	19.00	45.30	55.80
6-8 years	12.90	17.00	21.30	24.80	55.70	73.60
9-11 years	15.30	19.30	24.80	28.70	66.10	83.80
Male:						
12-14 years	16.00	22.00	27.40	32.10	69.30	95.10
15-19 years	16.70	22.80	28.20	32.60	72.20	98.90
20-50 years	17.70	22.50	28.10	33.80	76.60	97.50
51 years and over.....	16.10	21.30	26.10	31.30	69.60	92.20
Female:						
12-19 years	15.90	19.00	23.00	27.70	68.80	82.40
20-50 years	15.90	19.80	23.90	30.40	68.90	85.60
51 years and over	15.70	19.10	23.50	28.00	68.10	82.70

¹ Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in *Family Economics Review*, 1984 No. 1. Estimates for the other plans were computed from quantities of foods published in *Family Economics Review*, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics (*CPI Detailed Report*, table 3) to estimate the costs for the food plans.

² Coupon allotment in the Food Stamp Program based on this food plan.

³ 10 percent added for family size adjustment. See footnote 4.

⁴The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1985, Northeastern region¹

Sex-age group	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2: ²						
20-50 years	\$49.10	\$59.50	\$74.50	\$212.60	\$257.90	\$322.40
51 years and over.....	46.60	56.80	68.50	202.10	246.20	297.30
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	70.30	84.50	104.60	304.40	366.10	453.00
6-8 and 9-11 years ...	82.60	101.80	123.90	357.90	441.40	536.50
INDIVIDUALS³						
Child:						
1-2 years	12.20	14.00	17.00	52.80	60.60	73.60
3-5 years	13.50	16.40	19.90	58.30	71.00	86.30
6-8 years	17.80	22.00	26.00	77.00	95.50	112.60
9-11 years	20.20	25.70	30.20	87.60	111.40	130.80
Male:						
12-14 years	23.00	28.40	33.70	99.70	122.90	145.80
15-19 years	24.00	29.30	34.30	103.90	127.10	148.50
20-50 years	23.80	29.30	35.70	103.10	126.90	154.50
51 years and over.....	22.40	27.20	32.90	97.10	118.00	142.70
Female:						
12-19 years	19.90	23.80	29.20	86.40	103.30	126.60
20-50 years	20.80	24.80	32.00	90.20	107.60	138.60
51 years and over.....	20.00	24.40	29.40	86.60	105.80	127.60

¹ Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the Northeast in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Boston, New York, and Philadelphia.

² 10 percent added for family size adjustment. See footnote 3.

³ The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1985, North Central region¹

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2: ²						
20-50 years	\$43.60	\$54.00	\$65.20	\$189.10	\$234.20	\$282.90
51 years and over.....	42.00	51.80	60.60	181.90	224.40	262.50
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years....	62.80	77.20	92.50	272.40	334.80	401.00
6-8 and 9-11 years ...	74.00	93.00	109.40	320.70	403.30	474.40
INDIVIDUALS³						
Child:						
1-2 years	11.00	13.00	15.40	47.80	56.40	66.50
3-5 years	12.20	15.10	17.80	52.70	65.50	77.30
6-8 years	16.10	20.30	23.20	69.60	87.90	100.70
9-11 years	18.30	23.60	26.90	79.20	102.50	116.50
Male:						
12-14 years	20.70	26.00	29.90	89.70	112.70	129.70
15-19 years	21.40	26.70	30.40	92.70	115.70	131.50
20-50 years	21.10	26.60	31.30	91.60	115.30	135.80
51 years and over.....	20.20	24.90	29.10	87.40	107.70	126.00
Female:						
12-19 years	17.80	21.70	25.70	77.10	94.10	111.50
20-50 years	18.50	22.50	28.00	80.30	97.60	121.40
51 years and over.....	18.00	22.20	26.00	78.00	96.30	112.60

¹ Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the North Central region in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Chicago, Cleveland, Detroit, and St. Louis.

² 10 percent added for family size adjustment. See footnote 3.

³ The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1985, Southern region¹

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2: ²						
20-50 years	\$44.70	\$54.60	\$66.10	\$193.70	\$236.10	\$286.40
51 years and over.....	42.70	51.70	60.80	185.10	224.00	263.70
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	64.50	77.60	93.10	279.70	335.90	403.50
6-8 and 9-11 years ...	75.90	93.60	110.30	328.90	405.30	477.80
INDIVIDUALS³						
Child:						
1-2 years	11.40	12.90	15.30	49.40	56.10	66.30
3-5 years	12.50	15.10	17.70	54.20	65.20	76.80
6-8 years	16.50	20.30	23.30	71.50	87.90	100.80
9-11 years	18.80	23.70	26.90	81.30	102.80	116.60
Male:						
12-14 years	21.20	26.20	30.20	92.10	113.30	130.80
15-19 years	22.20	27.00	30.70	96.00	117.00	132.90
20-50 years	21.60	26.80	31.60	93.70	116.00	137.00
51 years and over.....	20.40	24.70	29.10	88.40	106.80	126.20
Female:						
12-19 years	18.50	22.10	26.20	80.30	95.70	113.50
20-50 years	19.00	22.80	28.50	82.40	98.60	123.40
51 years and over.....	18.40	22.30	26.20	79.90	96.80	113.50

¹ Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the South in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Atlanta, Baltimore, and Washington, D.C.

² 10 percent added for family size adjustment. See footnote 3.

³ The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1985, Western region¹

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2: ²						
20-50 years	\$48.50	\$58.50	\$73.00	\$209.80	\$253.80	\$316.50
51 years and over.....	46.10	56.30	67.90	199.90	243.80	294.00
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years....	70.00	83.60	103.00	303.00	362.50	446.40
6-8 and 9-11 years ...	82.40	100.70	121.80	356.50	436.60	527.70
INDIVIDUALS³						
Child:						
1-2 years	12.30	14.00	16.90	53.40	60.80	73.20
3-5 years	13.60	16.40	19.70	58.90	71.00	85.50
6-8 years	17.90	21.90	25.60	77.60	95.10	110.90
9-11 years	20.40	25.60	29.80	88.20	110.80	129.10
Male:						
12-14 years	23.10	28.30	33.00	99.90	122.40	142.80
15-19 years	23.90	28.80	33.40	103.60	124.90	144.90
20-50 years	23.50	28.80	34.90	101.60	124.80	151.30
51 years and over.....	22.10	26.90	32.40	95.80	116.40	140.50
Female:						
12-19 years	20.00	23.60	28.60	86.60	102.20	123.90
20-50 years	20.60	24.40	31.50	89.10	105.90	136.40
51 years and over.....	19.80	24.30	29.30	85.90	105.20	126.80

¹ Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the West in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Los Angeles and San Francisco.

² 10 percent added for family size adjustment. See footnote 3.

³ The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

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